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RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES APPROPRIATIONS FOR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES

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PART 4

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Soil Conservation Service **629**

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RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES APPROPRIATIONS FOR 1991

THURSDAY, MARCH 1, 1990.

FOREIGN AGRICULTURAL SERVICE

WITNESSES

RICHARD T. CROWDER, UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

R.E. ANDERSON, JR., ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE

EARL C. HADLOCK, ASSISTANT ADMINISTRATOR, MANAGEMENT, FOREIGN AGRICULTURAL SERVICE

BESA L. KOTATI, DIRECTOR, BUDGET AND FINANCE DIVISION, FOREIGN AGRICULTURAL SERVICE

STEPHEN B. DEWHURST, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

OPENING REMARKS

Mr. WHITTEN. The committee will come to order.

We have with us today the Foreign Agricultural Service and the Office of General Sales Manager. We're glad to have you here.

As you know, I've been in Congress quite a while, and the first committee appearance I remember going to was with one of the committees trying to get the State Department to let us export some agricultural commodities.

We're back in that same fix. We created a Sales Manager to sell, and you've let him do everything except sell. During that same period when I was trying to get our commodities sold abroad, I spoke to the agricultural attaches in Europe, and most of them didn't know that we had a right to sell all these commodities for what they would bring.

We have an open door policy by which we are opening up our gates to all these foreign countries, and the Administration is going around begging these same countries to let us sell in their country.

The officials down at the Department don't seem to realize that when these countries have objections to our commodities for some reason and we solve these problems, they will just have another excuse why they won't let our commodities in. I mention this because we have gone through this fact over and over and over.

For 48 years, the producer of basic commodities could get his income from the buyer.

Section 32 of the AAA Act was set up to promote exports and to support the price with special attention to perishable commodities and we won't use it.

Prior to 1981, the total cost of the farm program over its 48 year history was $72.5 billion. In the past nine years, it has cost $140 billion.

Under existing law, when the Tariff Commission finds that imports threaten domestic industry and recommends to the President, he can tax, limit or prohibit such imports.

If you're familiar at all with our trade situation, you would know it's a desperate situation. We've had over 300,000 farmers go broke. I told the Secretary when he was before us that he represents what's left of American agriculture.

What can we do to get you to use the authority in existing law for the Commodity Credit Corporation to make loans and purchases to support American prices?

All of you were there when the Administration advocated this increase in minimum wage, which in turn raised the cost to the farmer.

I read in the papers where the Administration wants to reduce the subsidies to the farmer, which, of course, increases the amount of ups and downs in the commodity markets.

It's time we begin to realize that we are dealing with the largest industry we have, larger than the auto, steel and housing industries combined. Agriculture is our largest earner of dollars in world trade.

Why should we appropriate for your operations if you're not going to look after the farmers' interest abroad?

Tell us what we can do to get you to fulfill your function, which is to look after American agriculture? We'd be glad to have your statement, and I wish you'd give attention to these issues I've mentioned.

Mr. CROWDER. Mr. Chairman, it's good to see you again.

Mr. WHITTEN. This is deadly serious. We owe $3 trillion, and yet we've got an open door policy by which we let everything come in here from anywhere, and we run around begging other countries to let our stuff in.

We've got a Sales Manager that can do everything in the world except sell. What can we do about it?

Mr. CROWDER. Let me make a couple of background——

Mr. WHITTEN. Well, I'd like you to respond to what I've asked. It's more important than your statement, and I haven't read your statement yet.

Mr. CROWDER. Maybe my statement would provide a little background, but we do——

PIK PROGRAM

Mr. WHITTEN. Were you at the Department when we had the PIK Program?

Mr. CROWDER. No.

Mr. WHITTEN. The PIK program cost this country over $12 billion, it cut domestic production and exports by 11 percent and increased foreign production and exports by an equivalent amount. Countries we once defeated in war, we set up in the wholesale business in competition with us.

You didn't do it, and I didn't do it, but I couldn't stop it. I don't know whether you tried to stop it or not, but I tried.

Mr. **Crowder**. I was not around at that time. I was on the outside.

Mr. **Whitten**. I read in the papers the last two or three weeks that the President is promising financial support to a number of other countries. I don't know where we're going to get the money to send these countries, but we're sending the message that if they just quit fighting we'll help them financially.

Mr. **Crowder**. I can respond to the PIK Program just from being on the outside of Government, that——

EUROPEAN PRICING POLICY

Mr. **Whitten**. In foreign countries, what they do to get around us is they call the world price the price, and then they tax their people to offset local costs.

We, in turn, historically have set the price up here and matched their price down there, which we have the authority to do. But now we won't use it.

But they just scream to high heaven. They say the price is the world price, so since they say that, they don't think that what they're doing is wrong, but what we're doing is.

They tax their people. We couldn't do that. I don't advocate it myself. But we support the price up here, and then we won't use the authority to let us compete with them.

Now, that's gradually grown up in the last ten years. I want you to touch on this before we get through, but I'll have your statement at this time.

Under Secretary's Statement

INTRODUCTION OF WITNESSES

Mr. **Crowder**. Well, I'd like to just make a couple of comments, if I could, Mr. Chairman, and then I'll have my three Administrators respond.

This afternoon we have Bud Anderson, Administrator of the Foreign Agricultural Service, Paul Dickerson, the General Sales Manager, and Duane Acker, the Administrator of the Office of International Cooperation and Development.

Each of these Administrators has a prepared statement which provides details of their agency's budget and programs for fiscal year 1991, that has been submitted for the record.

I would just like to make a couple of introductory comments about our proposals. There are three major challenges, opportunities or issues, it depends on how different individuals look at them, that we face in 1990.

One is the enactment of the 1990 Farm Bill, second is the Uruguay Round Trade Discussions, and third is the need for deficit reduction.

All have been considered in developing the 1991 budget proposals for the Department's international programs and activities.

BUDGET OVERVIEW

The budget provides for those export programs which we have recommended to be extended in the 1990 Farm Bill. It supports those programs which are designed to challenge the unfair trading practices that you referred to and encourage our trading partners to negotiate seriously on reform of world agricultural trading practice, and it is fiscally prudent.

We've got a total program level of $8.2 billion proposed for the Department's international programs and agencies for 1991, and this is an increase of $275 million above last year's level.

During 1991, we will continue to make available short and intermediate credit guarantees at their present levels. While some interest has been expressed in favor of increasing the program level for GSM-102 guarantees, we believe that the current level of $5.5 billion provides a proper balance between achieving our export promotion objectives and maintaining the fiscal integrity of the Commodity Credit Corporation.

The fiscal year 1991 budget requests a modest funding increase for FAS to meet the higher operating cost projected for the agency's overseas offices. The agency's Attache, and Agricultural Trade Offices are vital in carrying out FAS's foreign reporting, representation and market development activities, and should be maintained at their present levels.

For the General Sales Manager's Office, additional funding is requested to provide for a modest expansion of staffing to improve the administration and oversight of the Department's commercial export programs.

As the Committee is aware, the export programs administered by this office have undergone dramatic growth since the enactment of the Food Security Act of 1985.

For OICD, the budget proposes increased fundings for the agency's scientific and technical corporation activities, and this is a program which supports short term exchange visits of scientists and others between the U.S. and foreign countries, and this is an area that we will address after FAS and the General Sales Manager.

Mr. Chairman, this concludes my introductory remarks. I'd like to ask both Mr. Anderson and Mr. Dickerson to make some comments.

Mr. Whitten. We'd be glad to hear from them. May I say, Mr. Anderson, you have a long and distinguished career in the Department and in the Service.

When you owe $3 trillion and have over 300,000 farmers go broke because we won't stay competitive, even though the law provides for it, it's time we did something. We've had to do this three or four times in past years.

You might go ahead, Mr. Anderson.

ADMINISTRATOR'S STATEMENT

Mr. Anderson. Thank you, Mr. Chairman.

Mr. Chairman, members of the subcommittee, I have prepared a statement that has been submitted for the record, but in the interest of time, I would like to summarize my statement, if that's acceptable.

Mr. Whitten. We'd be glad to have that done.

Mr. Anderson. I appreciate the opportunity to meet with you today to discuss the work of the Foreign Agricultural Service and to present the budget request for fiscal year 1991.

I will focus my remarks on the role of the FAS in improving U.S. agricultural export opportunities through multilateral and bilateral trade negotiations, through our market development programs, and market information at a time of unprecedented change in many countries around the world.

The General Sales Manager will cover the Credit Guarantee, Food Aid, and the Export Assistance Programs in his testimony.

FAS has benefitted greatly from the guidance provided by the Chairman and the subcommittee over the years, and we welcome the opportunity to hear your views on the future direction that should be pursued by FAS.

FAS BUDGET PROPOSAL

Our fiscal year 1991 budget proposes a funding level of $103.5 million, which is a net increase of $2.2 million above fiscal year 1990.

This includes $1.6 million to help offset higher overseas operating costs resulting from anticipated wage and price increases, and $0.6 million which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the pay raise will be absorbed by the agency. In fiscal year 1991, the budget proposes no further funding for the Agricultural Trade and Development Missions, as the statutory requirement for missions to 16 countries will have been satisfied by the end of fiscal year 1990.

In my prepared statement I discussed in detail the trade outlook for agricultural exports in fiscal year 1990, both bilateral and the multilateral agricultural trade issues, particularly the Uruguay Round and FAS's role in those talks, as well as our market development efforts overseas.

In the interest of time, I would like to conclude by taking the opportunity to express my agency's deep appreciation for the support given over the years by Congresswoman Virginia Smith. While we will miss her guiding hand, we certainly want to wish her the very best in her retirement.

Thank you, Mr. Chairman. That concludes my statement. I'll be glad to answer any questions.

[Clerk's note.—Mr. Anderson's statement appears on pages 86 through 102. The explanatory notes appear on pages 103 through 159.]

HISTORY OF SECTION 32

Mr. Whitten. Our economic situation is serious. For years, we've accumulated stocks of basic, storable, commodities. When Section 32 was established, Congress provided that 30 percent of custom receipts be set aside to support prices to offset the domestic cost of production and to be competitive in world trade with primary emphasis given to perishable commodities.

At the same time, we had the CCC whose principal job was to support prices for basic commodities and to retain our world markets. I bring this up because you folks apparently don't know this background from the actions you have taken. The Commodity Credit Corporation was set up as a corporation primarily because our Constitution won't let our Government be partners with American companies.

IMPORTANCE OF EXPORTS

American agriculture historically depends on exporting about a third of its production when it's healthy. Years ago, the CCC had over $10 billion of commodities on hand. I took the issue up with Mr. Benson who was Secretary of Agriculture at the time. He said he would do something about it if he could. Well, I showed him that Mr. Truman had declared an emergency and he had the authority, but then he said his conscience wouldn't let him. We put a directive in the bill telling him to go ahead and sell it, and in 15 months he sold billions and billions of dollars of commodities and regained our markets.

But with time, you've drifted back into the old practice of listening to our competitors. I grew up around a country store, and the best way in the world to sell something is lay it on the counter and compete with prices.

We live in a competitive world. We have a national debt of $3 trillion, more than any Nation in the history of the world. Two-thirds of this debt we've accumulated in the last ten years since the Administration stopped selling what we had and what other countries wanted.

American companies are moving their operations abroad because other countries don't have the same restrictions we have, nor do they have the same production costs we have. Then they send the finished product back here because we've got an open door policy for imports.

Why should we finance your agency if you're not going to look after the interests of American agriculture? Foreign countries don't need any help. They're already looking after themselves. What can we do on this subcommittee to help you do your job?

DIRECT SALES OF BUTTER

Mr. ANDERSON. Mr. Chairman, we appreciate the authority that we do have to make CCC direct sales, and we have made some sales, as you probably know.

Recently, we made a 50,000 metric ton butter sale to the Soviet Union directly out of CCC, and there's another——

Mr. WHITTEN. Aren't you restricting the sale of American commodities when you do it this way instead of turning the Commodity Credit Corporation loose to offer our commodities for sale and let other countries come and get them?

Mr. ANDERSON. We don't feel we——

Mr. WHITTEN. Well, you try to have a one for one sort of thing.

BUTTER SUPPORT PRICE

Mr. ANDERSON. Well, as you know, we have a very high support price for butter in the United States, and we——

Mr. **Whitten**. Yes, but other countries do the same thing. They tax their people to offset the high price. This is an old story, and I can show you book after book which supports what I'm talking about.

Mr. **Anderson**. If you take the European community for an example, they do, as you say, Mr. Chairman, have a high internal support price, and they're spending about $10 billion in export subsidies to move those products into the world market.

Mr. **Whitten**. Well, American businesses pass the cost of increased minimum wages and the wages fixed by the bargaining power of labor unions on to the consumer. They raise the price of their product above cost and pass it on.

So why is it that for the past ten years the farmer is the only one who is accused of getting a subsidy? The subsidy is made necessary because of increases in the minimum wage, the bargaining power of labor unions, and the ability of companies to raise the price of their product.

Mr. **Anderson**. Well, this is the atmosphere basically that we're trying to sell in today, and we hope that through the trade negotiations and other efforts, we'll be able to get to a level playing field.

Mr. **Whitten**. Were you at the Department when we tried to make them go ahead and sell some years ago?

CHAIRMAN'S OVERSEAS EXPERIENCES

Mr. **Anderson**. I was, yes.

Mr. **Whitten**. Were you in Paris when I asked our attachés to hold up their hand if any of them knew we had a right to sell our commodities overseas, at competitive prices and not a sole held his hand up?

Mr. **Anderson**. I didn't hold my hand up, Mr. Chairman.

Mr. **Whitten**. May I say, you were with the crowd and not a soul in the crowd held their hand up.

Mr. **Anderson**. I was also in the Hague in Holland. I understand you were there some years back and met with one of our agricultural attaches who——

Mr. **Whitten**. I'll tell you what was happening in Holland at that time. We had an Attache stationed in Holland and he wanted to have a big party for us while we were there. We tried to stop him, but he said, "Oh no. These folks don't even ask me to their parties at the Embassy. This is my first excuse to have a party where I could attend."

Mr. **Anderson**. I got there some years later.

Mr. **Whitten**. You benefitted from our efforts.

Mr. **Anderson**. Yes. We can get the Ambassador to come to our parties now.

Mr. **Whitten**. What can we do here? Just make your salaries contingent on you looking after American farmers?

Mr. **Anderson**. Well, that might help. We have made some progress, as you know, Mr. Chairman, in our agricultural trade. We had nearly $40 billion in exports last year——

EXPORT ENHANCEMENT PROGRAM

Mr. **Whitten**. And you paid the exporters about $4 billion and charged it to the farmer. When I say you, I'm referring to the Department.

Mr. **Anderson**. I think that's the bonuses paid over the years under the Export Enhancement Program. But to put it in an annual perspective, this year we've got $566 million for EEP bonuses, the European Community is spending about $10 billion on export subsidies.

Mr. **Whitten**. Earlier in these hearings, the witnesses were saying how good things are and I said in what dollars are you talking? Present dollars? They said yes. I said it means the value of exports are about half of what it sounds like. That was on your side of the table.

Mr. **Anderson**. I see.

EFFORTS TO INCREASE SALES

Mr. **Whitten**. What can we do on our side of the table to go back to a program that worked for all the 48 years before we started to build up this great debt and everybody was jumping on the farmers for getting subsidies from the Government?

Mr. **Anderson**. Well, it is a serious problem, as you've stated, and we're trying to operate the programs as directed by Congress and do all we can to increase sales.

Mr. **Whitten**. Do you know any better way to sell anything than to say we've got it, come and get it? You've got foreign countries helping you if we are a consistent supplier.

But if they don't know whether we'll sell our commodities or won't sell them or if they see that we're not using the Commodity Credit Corporation or Section 32 for the purposes for which they were created, you can see why they wouldn't come and get our commodities.

Mr. **Anderson**. Well, certainly, Mr. Chairman, we're going to make our best endeavors to sell directly those commodities that we have in CCC.

As you know, our stocks, grain stocks in particular, have dropped in CCC. We had been moving some dairy products out on direct sales, and we intend to continue that policy.

FUNCTION OF THE GENERAL SALES MANAGER

Mr. **Whitten**. This committee created the position of Sales Manager a number of years ago when we had billions of dollars worth of commodities in surplus, but didn't have any system for selling them.

The folks from CCC appeared before us to get operating money, and they told us about disappearance, what decayed, and all this, that and the other, but they had no policy of selling at all.

We created the position of Sales Manager for the purpose of selling, and the Department has used him for everything in the world except selling. There has been two or three people that have quit the position over the years because they wouldn't let them sell.

What can we do to get you some authority where you could go ahead and look after the American farmer in this competitive situation we face around the world?

Mr. **Anderson**. Well, I think, as you say, the charter authority of the CCC as set up by you and others does give us all the authority we need to sell. It's the question of policy in terms of using that authority.

Mr. **Whitten**. This goes pretty deep, because I've been in the middle of it for many, many years. We won our victory, but in the last ten years the Administration has turned their back on what headway we made.

For 48 years the farm program worked, but as I've told you, in the last nine years we've spent twice as much as what was spent in the previous 48 years, in addition to losing over 300,000 farmers.

Agriculture is the biggest industry that we have. It hires more people, and is our biggest dollar earner in world trade.

DECLINE IN RURAL AMERICA

Mr. **Anderson**. I've experienced some of that in my home state. In the small town in the southwest corner of Minnesota where I grew up, we've had some real recession because of the agriculture situations in the early 1980s. I've experienced that firsthand, so I know it's a very serious situation, and we take it very seriously.

Mr. **Whitten**. Just ten years ago my district, the Mississippi Delta, was one of the richest places in the world to live. Now its one of the poorest.

All the towns have dried up, including the little town where I used to work during the summers when I was in college. Now they've got a special program where they're going to spend $3 million trying to find out what they're going to do about it. This is true of rural areas throughout the country.

Mr. **Anderson**. Next week, I'm going home to Minnesota to buy the house that I grew up in in this little town. I've been talking to the realtor there, and it's going to cost me $3,400 to buy that house. That's about all those properties are worth in some of those small towns.

Mr. **Whitten**. The situation is serious. I don't know what we can recommend, or what this subcommittee can do, but I think we're going to have to do something to get out of this.

We've got to look back and see. You may not have studied the Depression, but I have. You can find lots of people that will tell you why we had the Depression, but few folks will be able to tell you why it took ten years to come out of it.

Surprisingly, the time that we started back out was when the purchasing power of agriculture was restored.

Mr. **Anderson**. We'd be happy to sit down with you and your staff, Mr. Chairman.

Mr. **Whitten**. I'm not one of those who agree if you let the rich have the money it will trickle down. They didn't get rich letting their money trickle down.

But if you have prosperity down at the purchasing level, the big operators are smart enough to get their share.

Let me ask some questions about the export enhancement program.

EXPORT ENHANCEMENT PROGRAM

For fiscal year 1990 the Budget Reconciliation Act limited the Export Enhancement Program to $566 million. According to the budget document, the actual level of the export enhancement program in fiscal year 1989 was only $338 million. That being the case, why are you proposing a $900 million program level in fiscal year 1991?

Mr. ANDERSON. The Export Enhancement Program, EEP, is an integral part of the U.S. trade policy strategy for achieving success in the Uruguay Round of agricultural trade negotiations under the GATT. The program has put substantial pressure on the European Community, EC, by making it more difficult and costly to operate their export subsidy programs and has strengthened the U.S. negotiating position. Continuation of the program is vital. The fiscal year 1990 EEP program level of $566 million was reduced from the Department's program level assumption of $1 billion. Our fiscal year 1991 budget therefore reflects a program level below the level originally assumed in the fiscal year 1990 President's Budget.

Mr. WHITTEN. Please provide for the record a list of agreements under the Export Enhancement Program during fiscal year 1989, indicating the company involved and the dollar amount of the agreement.

Mr. ANDERSON. I will provide that information for the record.

[The information follows:]

1

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
1	GSM-512-50-W-48C	$38,215.20	03-OCT-1988	PEAVEY COMPANY
2	GSM-500-87-W-7C	$44,094.48	05-OCT-1988	PEAVEY COMPANY
3	GSM-500-15-W-45C	$142,566.72	05-OCT-1988	MARUBENI AMERICA CORP.
4	GSM-500-15-W-46C	$124,192.47	05-OCT-1988	MITSUBISHI INT'L CORP.
5	GSM-500-15-W-47C	$150,023.03	05-OCT-1988	NISSHO IWAI AMERICAN
6	GSM-505-47-WF-6C	$302,471.12	06-OCT-1988	CONTINENTAL GRAIN CO.
7	GSM-508-63-FP-23C	$38,570.00	07-OCT-1988	GRESS FOODS, INC.
8	GSM-508-63-FP-24C	$96,425.00	07-OCT-1988	GRESS FOODS, INC.
9	GSM-508-63-FP-25C	$47,123.33	07-OCT-1988	GRESS FOODS, INC.
10	GSM-512-50-W-49C	$124,195.81	11-OCT-1988	CARGILL INC.
11	GSM-508-63-FP-26C	$8,265.00	11-OCT-1988	GOLD KIST, INC.
12	GSM-500-61-W-182C	$706,834.51	12-OCT-1988	TRADECOM, INC.
13	GSM-500-61-W-183C	$998,005.34	12-OCT-1988	CARGILL INC.
14	GSM-500-61-W-184C	$1,007,706.04	12-OCT-1988	FERRUZZI U.S.A., INC.
15	GSM-500-61-W-185C	$2,568,504.16	12-OCT-1988	CARGILL INC.
16	GSM-500-61-W-186C	$933,039.37	12-OCT-1988	FERRUZZI U.S.A., INC.
17	GSM-500-61-W-187C	$934,803.15	12-OCT-1988	NICHIMEN AMERICA, INC.
18	GSM-500-61-W-188C	$947,737.54	12-OCT-1988	FERRUZZI U.S.A., INC.
19	GSM-500-61-W-189C	$947,737.54	12-OCT-1988	FERRUZZI U.S.A., INC.
20	GSM-506-39-E-86C	$8,550.00	12-OCT-1988	DECOSTER EGG FARMS
21	GSM-500-15-W-48C	$247,434.10	13-OCT-1988	MITSUI GRAIN CORP.
22	GSM-500-61-W-190C	$845,144.43	18-OCT-1988	CARGILL INC.
23	GSM-500-61-W-191C	$643,779.41	18-OCT-1988	CONTINENTAL GRAIN CO.
24	GSM-500-61-W-192C	$861,956.17	18-OCT-1988	TRADIGRAIN, INC.
25	GSM-506-74-E-8C	$10,557.54	18-OCT-1988	NATIONAL FOOD CORP.
26	GSM-506-74-E-9C	$65,091.60	19-OCT-1988	NATIONAL FOOD CORP.
27	GSM-500-61-W-193C	$648,188.86	19-OCT-1988	LOUIS DREYFUS CORP.
28	GSM-500-61-W-194C	$896,587.76	19-OCT-1988	LOUIS DREYFUS CORP.
29	GSM-500-61-W-195C	$2,259,842.72	19-OCT-1988	CARGILL INC.
30	GSM-500-15-W-49C	$167,191.60	19-OCT-1988	NICHIMEN AMERICA, INC.
31	GSM-500-15-W-50C	$105,012.45	19-OCT-1988	NISSHO IWAI AMERICAN
32	GSM-500-3-W-159C	$673,175.73	19-OCT-1988	GARNAC GRAIN CO., INC.
33	GSM-500-3-W-160C	$995,800.34	19-OCT-1988	CONTINENTAL GRAIN CO.
34	GSM-500-3-W-161C	$1,041,732.09	19-OCT-1988	CONTINENTAL GRAIN CO.
35	GSM-500-3-W-162C	$937,007.70	19-OCT-1988	LOUIS DREYFUS CORP.
36	GSM-500-3-W-163C	$1,036,220.28	19-OCT-1988	CONTINENTAL GRAIN CO.
37	GSM-500-3-W-164C	$1,049,081.17	20-OCT-1988	LOUIS DREYFUS CORP.
38	GSM-500-3-W-165C	$1,074,619.42	20-OCT-1988	BUNGE CORP.
39	GSM-500-61-W-196C	$918,488.02	21-OCT-1988	BUNGE CORP.
40	GSM-500-61-W-197C	$701,102.23	21-OCT-1988	LOUIS DREYFUS CORP.
41	GSM-500-61-W-198C	$704,401.65	21-OCT-1988	CONTINENTAL GRAIN CO.
42	GSM-500-61-W-199C	$955,380.40	21-OCT-1988	LOUIS DREYFUS CORP.
43	GSM-500-61-W-200C	$2,421,522.52	21-OCT-1988	CARGILL INC.
44	GSM-500-61-W-201C	$848,083.99	21-OCT-1988	NICHIMEN AMERICA, INC.
45	GSM-500-61-W-202C	$860,724.48	21-OCT-1988	ENTRADE INT'L, LTD.
46	GSM-500-61-W-203C	$864,251.81	21-OCT-1988	CONTINENTAL GRAIN CO.
47	GSM-500-61-W-204C	$864,251.81	21-OCT-1988	CONTINENTAL GRAIN CO.
48	GSM-500-1-W-209C	$548,425.10	21-OCT-1988	CONTINENTAL GRAIN CO.
49	GSM-500-1-W-210C	$548,425.10	24-OCT-1988	CONTINENTAL GRAIN CO.
50	GSM-506-39-E-87C	$65,812.50	22-OCT-1988	DECOSTER EGG FARMS
51	GSM-500-61-W-205C	$657,007.75	25-OCT-1988	LOUIS DREYFUS CORP.
52	GSM-500-61-W-206C	$876,010.34	25-OCT-1988	LOUIS DREYFUS CORP.
53	GSM-500-61-W-207C	$879,684.88	25-OCT-1988	BUNGE CORP.
54	GSM-500-61-W-208C	$1.111,548.35	25-OCT-1988	LOUIS DREYFUS CORP.
55	GSM-500-61-W-209C	$682,354.65	25-OCT-1988	CONTINENTAL GRAIN CO.
56	GSM-500-61-W-210C	$1,174,015.85	25-OCT-1988	CARGILL INC.
57	GSM-500-61-W-211C	$756,912.66	25-OCT-1988	MITSUBISHI INT'L CORP.
58	GSM-500-61-W-212C	$762,834.50	25-OCT-1988	RICHCO GRAIN, LTD.
59	GSM-500-61-W-213C	$774,593.03	25-OCT-1988	CONTINENTAL GRAIN CO.
60	GSM-500-61-W-214C	$776,062.85	25-OCT-1988	CONTINENTAL GRAIN CO.
61	GSM-505-47-WF-7C	$599,430.74	26-OCT-1988	ADM MILLING COMPANY
62	GSM-500-1-W-211C	$481,364.74	27-OCT-1988	CAM USA, INC.
63	GSM-500-1-W-212C	$511,248.02	27-OCT-1988	GARNAC GRAIN CO., INC.
64	GSM-500-1-W-213C	$518,018.28	27-OCT-1988	CAM USA, INC.
65	GSM-500-61-W-215C	$752,545.79	28-OCT-1988	RICHCO GRAIN, LTD.
66	GSM-500-61-W-216C	$565,511.86	28-OCT-1988	CARGILL INC.
67	GSM-500-61-W-217C	$755,485.63	28-OCT-1988	CARGILL INC.
68	GSM-500-61-W-218C	$951,705.86	28-OCT-1988	CONTINENTAL GRAIN CO.
69	GSM-500-61-W-219C	$761,364.69	28-OCT-1988	CONTINENTAL GRAIN CO.
70	GSM-500-61-W-220C	$571,023.52	28-OCT-1988	CONTINENTAL GRAIN CO.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
71	GSM-500-61-W-221C	$573,338.53	28-OCT-1988	FERRUZZI U.S.A., INC.
72	GSM-500-61-W-222C	$955,564.13	28-OCT-1988	FERRUZZI U.S.A., INC.
73	GSM-500-61-W-223C	$574,330.60	28-OCT-1988	LOUIS DREYFUS CORP.
74	GSM-500-61-W-224C	$957,217.67	28-OCT-1988	LOUIS DREYFUS CORP.
75	GSM-500-61-W-225C	$576,535.43	28-OCT-1988	NICHIMEN AMERICA, INC.
76	GSM-500-61-W-226C	$964,750.48	28-OCT-1988	FERRUZZI U.S.A., INC.
77	GSM-500-61-W-227C	$777,532.66	28-OCT-1988	CONTINENTAL GRAIN CO.
78	GSM-500-61-W-228C	$781,942.11	28-OCT-1988	LOUIS DREYFUS CORP.
79	GSM-500-15-W-51C	$146,973.33	28-OCT-1988	C. ITOH & CO., (AMER.)
80	GSM-500-15-W-52C	$109,127.70	28-OCT-1988	MITSUBISHI INT'L CORP.
81	GSM-500-1-W-214C	$531,889.67	28-OCT-1988	CONTINENTAL GRAIN CO.
82	GSM-500-1-W-215C	$531,889.67	28-OCT-1988	CONTINENTAL GRAIN CO.
83	GSM-500-1-W-216C	$513,516.97	28-OCT-1988	CONTINENTAL GRAIN CO.
84	GSM-506-74-E-10C	$6,509.16	03-NOV-1988	NATIONAL FOOD CORP.
85	GSM-506-39-E-89C	$7,650.00	04-NOV-1988	NATIONAL FOOD CORP.
86	GSM-500-87-W-9C	$68,161.98	07-NOV-1988	INT'L MULTIFOODS
87	GSM-500-87-W-8C	$23,241.46	08-NOV-1988	HARVEST STATES COOP.
88	GSM-505-47-WF-8C	$610,012.82	10-NOV-1988	CONTINENTAL GRAIN CO.
89	GSM-500-1-W-217C	$541,076.02	10-NOV-1988	CONTINENTAL GRAIN CO.
90	GSM-504-52-B-7C	$123,009.88	10-NOV-1988	COPROSTATES, INC.
91	GSM-504-31-B-93C	$23,195.51	10-NOV-1988	LOUIS DREYFUS CORP.
82	GSM-504-31-B-94C	$384,430.75	10-NOV-1988	TOEPFER INTERNATIONAL
93	GSM-504-31-B-95C	$192,455.08	10-NOV-1988	CONTINENTAL GRAIN CO.
94	GSM-506-74-E-11C	$14,076.72	15-NOV-1988	NATIONAL FOOD CORP.
95	GSM-504-31-B-96C	$182,579.70	15-NOV-1988	CONTINENTAL GRAIN CO.
96	GSM-504-31-B-97C	$149,967.98	16-NOV-1988	CONTINENTAL GRAIN CO.
97	GSM-506-74-E-12C	$3,519.18	16-NOV-1988	NATIONAL FOOD CORP.
98	GSM-506-74-E-13C	$10,557.54	18-NOV-1988	NATIONAL FOOD CORP.
99	GSM-500-60-W-32C	$832,650.76	18-NOV-1988	LOUIS DREYFUS CORP.
100	GSM-500-60-W-33C	$836,288.56	18-NOV-1988	ENTRADE INT'L, LTD.
101	GSM-512-50-W-50C	$135,553.82	21-NOV-1988	CARGILL INC.
102	GSM-509-66-R-6C	$110,230.00	23-NOV-1988	WOODHOUSE DRAKE & CAREY
103	GSM-505-100-WF-4C	$286,598.00	23-NOV-1988	CARGILL INC.
104	GSM-500-1-W-218C	$544,750.56	25-NOV-1988	CONTINENTAL GRAIN CO.
105	GSM-500-14-W-23C	$93,149.59	29-NOV-1988	CONTINENTAL GRAIN CO.
106	GSM-500-15-W-53C	$108,027.36	30-NOV-1988	MARUBENI AMERICA CORP.
107	GSM-512-50-W-51C	$37,480.41	01-DEC-1988	PEAVEY COMPANY
108	GSM-512-50-W-52C	$28,110.18	01-DEC-1988	PEAVEY COMPANY
109	GSM-506-74-E-14C	$10,473.75	01-DEC-1988	HEFLER AND COMPANY
110	GSM-506-39-E-90C	$6,985.44	02-DEC-1988	NATIONAL FOOD CORP.
111	GSM-506-39-E-91C	$1,912.50	02-DEC-1988	DECOSTER EGG FARMS
112	GSM-506-39-E-92C	$11,475.00	07-DEC-1988	DECOSTER EGG FARMS
113	SM-506-74-E-15C	$3,211.95	07-DEC-1988	HEFLER AND COMPANY
114	GSM-505-12-WF-19C	$791,258.50	07-DEC-1988	THE PILLSBURY COMPANY
115	GSM-500-6-W-158C	$396,850.32	07-DEC-1988	TRADIGRAIN, INC.
116	GSM-500-6-W-159C	$595,275.48	07-DEC-1988	TRADIGRAIN, INC.
117	GSM-500-6-W-160C	$421,028.79	07-DEC-1988	TRADIGRAIN, INC.
118	GSM-500-6-W-161C	$631,543.19	07-DEC-1988	TRADIGRAIN, INC.
119	GSM-500-6-W-162C	$633,858.32	07-DEC-1988	CARGILL INC.
120	GSM-500-6-W-163C	$649,732.24	07-DEC-1988	GARNAC GRAIN CO., INC.
121	GSM-500-6-W-164C	$659,212.48	07-DEC-1988	CONTINENTAL GRAIN CO.
122	GSM-500-6-W-165C	$661,417.20	07-DEC-1988	LOUIS DREYFUS CORP.
123	GSM-500-6-W-166C	$442,413.41	07-DEC-1988	LOUIS DREYFUS CORP.
124	GSM-500-6-W-167C	$666,929.19	07-DEC-1988	CARGILL INC.
125	GSM-500-6-W-168C	$446,824.06	07-DEC-1988	CONTINENTAL GRAIN CO.
126	GSM-500-6-W-169C	$460,787.44	07-DEC-1988	CARGILL INC.
127	GSM-506-74-E-16C	$5,821.20	09-DEC-1988	DOLPHIN SHIPPING
128	GSM-506-39-E-93C	$1,912.50	12-DEC-1988	DECOSTER EGG FARMS
129	GSM-500-61-W-229C	$1,023,359.67	13-DEC-1988	CARGILL INC.
130	GSM-500-61-W-230C	$1,053,123.16	13-DEC-1988	FERRUZZI U.S.A., INC.
131	GSM-500-61-W-231C	$834,855.49	13-DEC-1988	RICHCO GRAIN, LTD.
132	GSM-500-61-W-232C	$837,795.12	13-DEC-1988	CENTRAL STATES ENT.
133	GSM-500-61-W-233C	$837,795.35	13-DEC-1988	CARGILL INC.
134	GSM-500-61-W-234C	$1,056,430.54	13-DEC-1988	CARGILL INC.
135	GSM-500-61-W-235C	$846,614.02	13-DEC-1988	FERRUZZI U.S.A., INC.
136	GSM-500-61-W-236C	$853,963.10	13-DEC-1988	FERRUZZI U.S.A., INC.
137	GSM-500-61-W-237C	$1,096,850.49	13-DEC-1988	CARGILL INC.
138	GSM-500-14-W-24C	$146,182.14	14-DEC-1988	CONTINENTAL GRAIN CO.
139	GSM-502-77-SBO-7C	$450,403.87	14-DEC-1988	TRADECOM, INC.
140	GSM-500-15-W-54C	$181,338.60	14-DEC-1988	CARGILL INC.
141	GSM-500-15-W-55C	$120,524.94	14-DEC-1988	CARGILL INC.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
142	GSM-500-15-W-56C	$213,092.96	14-DEC-1988	NISSHO IWAI AMERICAN
143	GSM-500-15-W-57C	$185,196.82	14-DEC-1988	CONTINENTAL GRAIN CO.
144	GSM-500-15-W-58C	$169,478.63	14-DEC-1988	MITSUBISHI INT'L CORP.
145	GSM-500-3-W-166C	$564,041.89	16-DEC-1988	CONTINENTAL GRAIN CO.
146	GSM-500-3-W-167C	$679,054.99	16-DEC-1988	BUNGE CORP.
147	GSM-500-3-W-168C	$568,635.22	16-DEC-1988	CARGILL INC.
148	GSM-500-3-W-169C	$682,362.08	16-DEC-1988	CONTINENTAL GRAIN CO.
149	GSM-500-3-W-170C	$683,354.20	16-DEC-1988	BUNGE CORP.
150	GSM-500-3-W-171C	$683,574.68	16-DEC-1988	BUNGE CORP.
151	GSM-500-3-W-172C	$688,976.25	16-DEC-1988	CONTINENTAL GRAIN CO.
152	GSM-500-3-W-173C	$689,968.38	16-DEC-1988	TRADECOM, INC.
153	GSM-500-3-W-174C	$693,385.70	16-DEC-1988	CONTINENTAL GRAIN CO.
154	GSM-500-3-W-175C	$698,897.51	16-DEC-1988	CONTINENTAL GRAIN CO.
155	GSM-500-86-W-51C	$220,986.88	16-DEC-1988	FERRUZZI U.S.A., INC.
156	GSM-500-86-W-52C	$220,986.88	16-DEC-1988	FERRUZZI U.S.A., INC.
157	GSM-500-86-W-53C	$248,825.20	16-DEC-1988	LOUIS DREYFUS CORP.
158	GSM-500-86-W-54C	$228,335.96	16-DEC-1988	FERRUZZI U.S.A., INC.
159	GSM-500-86-W-55C	$228,335.96	16-DEC-1988	FERRUZZI U.S.A., INC.
160	GSM-500-86-W-56C	$88,556.41	16-DEC-1988	LOUIS DREYFUS CORP.
161	GSM-500-86-W-57C	$106,194.21	16-DEC-1988	LOUIS DREYFUS CORP.
162	GSM-500-86-W-58C	$192,913.39	16-DEC-1988	FERRUZZI U.S.A., INC.
163	GSM-500-86-W-59C	$203,514.44	16-DEC-1988	LOUIS DREYFUS CORP.
164	GSM-500-86-W-60C	$192,913.39	16-DEC-1988	FERRUZZI U.S.A., INC.
165	GSM-500-86-W-61C	$219,725.23	16-DEC-1988	CONTINENTAL GRAIN CO.
166	GSM-500-86-W-62C	$233,465.62	16-DEC-1988	LOUIS DREYFUS CORP.
167	GSM-500-86-W-63C	$145,658.77	16-DEC-1988	BUNGE CORP.
168	GSM-509-66-R-7C	$115,984.01	20-DEC-1988	CAFCROWN LIMITED
169	GSM-504-52-B-8C	$316,929.08	22-DEC-1988	COPROSTATES, INC.
170	GSM-502-78-SFO-11C	$768,523.56	22-DEC-1988	CARGILL INC.
171	GSM-505-12-WF-20C	$779,877.25	22-DEC-1988	CARGILL INC.
172	GSM-505-100-WF-5C	$110,447.67	22-DEC-1988	ADM MILLING COMPANY
173	GSM-500-86-W-64C	$51,259.84	22-DEC-1988	GARNAC GRAIN CO., INC.
174	GSM-500-86-W-65C	$25,648.29	22-DEC-1988	GARNAC GRAIN CO., INC.
175	GSM-500-86-W-66C	$56,771.64	22-DEC-1988	LOUIS DREYFUS CORP.
176	GSM-500-86-W-67C	$58,241.47	22-DEC-1988	CARGILL INC.
177	GSM-500-86-W-68C	$29,938.32	22-DEC-1988	GARNAC GRAIN CO., INC.
178	GSM-500-86-W-69C	$122,729.64	22-DEC-1988	CONTINENTAL GRAIN CO.
179	GSM-500-86-W-70C	$48,099.74	22-DEC-1988	GARNAC GRAIN CO., INC.
180	GSM-500-86-W-71C	$50,524.93	22-DEC-1988	LOUIS DREYFUS CORP.
181	GSM-500-86-W-72C	$111,706.02	22-DEC-1988	LOUIS DREYFUS CORP.
182	GSM-500-86-W-73C	$63,018.38	22-DEC-1988	CARGILL INC.
183	GSM-500-86-W-74C	$52,031.63	22-DEC-1988	CONTINENTAL GRAIN CO.
184	GSM-500-86-W-75C	$238,096.91	22-DEC-1988	CONTINENTAL GRAIN CO.
185	GSM-500-86-W-76C	$119,055.10	22-DEC-1988	LOUIS DREYFUS CORP.
186	GSM-500-61-W-238C	$903,496.06	22-DEC-1988	CENTRAL STATES ENT.
187	GSM-500-61-W-239C	$1,135,433.17	22-DEC-1988	CARGILL INC.
188	GSM-500-61-W-240C	$686,732.90	22-DEC-1988	NISSHO IWAI AMERICAN
189	GSM-500-61-W-241C	$917,606.13	22-DEC-1988	BUNGE CORP.
190	GSM-500-61-W-242C	$689,968.38	22-DEC-1988	TRADECOM, INC.
191	GSM-500-61-W-243C	$923,044.70	22-DEC-1988	CARGILL INC.
192	GSM-500-61-W-244C	$928,923.71	22-DEC-1988	LOUIS DREYFUS CORP.
193	GSM-500-61-W-245C	$1,170,340.99	22-DEC-1988	LOUIS DREYFUS CORP.
194	GSM-500-61-W-246C	$702,204.59	22-DEC-1988	LOUIS DREYFUS CORP.
195	GSM-500-61-W-247C	$1,184,120.52	22-DEC-1988	TRADIGRAIN, INC.
196	GSM-502-78-SFO-12C	$833,338.80	23-DEC-1988	CARGILL INC.
197	GSM-500-61-W-248C	$681,000.94	28-DEC-1988	NISSHO IWAI AMERICAN
198	GSM-500-61-W-249C	$917,165.18	28-DEC-1988	CONTINENTAL GRAIN CO.
200	GSM-500-61-W-250C	$917,753.26	28-DEC-1988	GARNAC GRAIN CO., INC.
201	GSM-500-61-W-251C	$921,574.63	28-DEC-1988	LOUIS DREYFUS CORP.
202	GSM-500-61-W-252C	$1,176,955.16	28-DEC-1988	FERRUZZI U.S.A., INC.
203	GSM-500-67-W-231C	$1,063,779.33	29-DEC-1988	CONTINENTAL GRAIN CO.
204	GSM-500-67-W-232C	$1,076,640.22	29-DEC-1988	CONTINENTAL GRAIN CO.
205	GSM-500-67-W-233C	$649,291.39	29-DEC-1988	CARGILL INC.
206	GSM-500-67-W-234C	$649,291.39	29-DEC-1988	CARGILL INC.
207	GSM-500-67-W-235C	$1,091,338.38	29-DEC-1988	CONTINENTAL GRAIN CO.
208	GSM-500-67-W-236C	$654,803.21	29-DEC-1988	CARGILL INC.
209	GSM-500-67-W-237C	$1,096,850.19	29-DEC-1988	CONTINENTAL GRAIN CO.
210	GSM-500-67-W-238C	$658,110.29	29-DEC-1988	CARGILL INC.
211	GSM-500-67-W-239C	$1,096,850.19	29-DEC-1988	CONTINENTAL GRAIN CO.
212	GSM-500-67-W-240C	$1,098,687.46	29-DEC-1988	RICHCO GRAIN, LTD.
213	GSM-502-77-SBO-8C	$445,774.16	30-DEC-1988	TRADECOM, INC.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
214	GSM-500-61-W-267C	$1,089,501.41	04-JAN-1989	CARGILL INC.
215	GSM-500-61-W-268C	$1,107,874.11	04-JAN-1989	CARGILL INC.
216	GSM-500-61-W-269C	$1,124,409.55	04-JAN-1989	CARGILL INC.
217	GSM-500-61-W-270C	$909,816.35	04-JAN-1989	CARGILL INC.
218	GSM-500-61-W-271C	$909,816.35	04-JAN-1989	CARGILL INC.
219	GSM-500-61-W-253C	$682,362.08	04-JAN-1989	CONTINENTAL GRAIN CO.
220	GSM-500-61-W-254C	$687,653.42	04-JAN-1989	TRADIGRAIN, INC.
221	GSM-500-61-W-255C	$917,165.18	04-JAN-1989	CONTINENTAL GRAIN CO.
222	GSM-500-61-W-256C	$688,645.54	04-JAN-1989	TRADECOM, INC.
223	GSM-500-61-W-257C	$921,574.88	04-JAN-1989	CARGILL INC.
224	GSM-500-61-W-258C	$921,574.63	04-JAN-1989	LOUIS DREYFUS CORP.
225	GSM-506-39-E-94C	$7,650.00	04-JAN-1989	NATIONAL FOOD CORP.
226	GSM-500-67-W-241C	$1,120,735.01	05-JAN-1989	CARGILL INC.
227	GSM-500-67-W-242C	$1,123,461.25	05-JAN-1989	TOEPFER INTERNATIONAL
228	GSM-500-67-W-243C	$1,129,553.60	05-JAN-1989	FERRUZZI U.S.A., INC.
229	GSM-500-67-W-244C	$1,129,553.60	05-JAN-1989	FERRUZZI U.S.A., INC.
230	GSM-500-67-W-245C	$1,139,107.71	05-JAN-1989	CARGILL INC.
231	GSM-500-67-W-246C	$1,144,619.21	05-JAN-1989	RICHCO GRAIN, LTD.
232	GSM-500-67-W-247C	$1,175,301.62	05-JAN-1989	FERRUZZI U.S.A., INC.
233	GSM-500-67-W-248C	$940,682.24	05-JAN-1989	PEAVEY COMPANY
234	GSM-500-61-W-259C	$1,131,390.87	10-JAN-1989	FERRUZZI U.S.A., INC.
235	GSM-500-61-W-260C	$1,131,758.32	10-JAN-1989	LOUIS DREYFUS CORP.
236	GSM-500-61-W-261C	$1,131,758.32	10-JAN-1989	LOUIS DREYFUS CORP.
237	GSM-500-61-W-262C	$1,138,739.95	10-JAN-1989	FERRUZZI U.S.A., INC.
238	GSM-500-61-W-263C	$1,141,496.04	10-JAN-1989	CENTRAL STATES ENT.
239	GSM-500-61-W-264C	$918,635.00	10-JAN-1989	CONTINENTAL GRAIN CO.
240	GSM-500-61-W-265C	$920,104.82	10-JAN-1989	LOUIS DREYFUS CORP.
241	GSM-500-61-W-266C	$691,181.16	10-JAN-1989	ENTRADE INT'L, LTD.
242	GSM-500-61-W-272C	$783,228.20	13-JAN-1989	LOUIS DREYFUS CORP.
243	GSM-500-61-W-273C	$1,122,571.97	13-JAN-1989	LOUIS DREYFUS CORP.
244	GSM-500-61-W-274C	$673,543.37	13-JAN-1989	CARGILL INC.
245	GSM-500-61-W-275C	$788,372.77	13-JAN-1989	CARGILL INC.
246	GSM-500-61-W-276C	$1,129,921.36	13-JAN-1989	CARGILL INC.
247	GSM-500-67-W-249C	$589,763.83	17-JAN-1989	CARGILL INC.
248	GSM-500-67-W-250C	$683,464.63	17-JAN-1989	CARGILL INC.
249	GSM-500-67-W-251C	$1,146,456.48	17-JAN-1989	CONTINENTAL GRAIN CO.
250	GSM-500-67-W-252C	$574,147.03	17-JAN-1989	CARGILL INC.
251	GSM-500-67-W-253C	$578,707.50	17-JAN-1989	MITSUBISHI INT'L. CORP.
252	GSM-500-67-W-254C	$1,169,422.36	17-JAN-1989	TRADIGRAIN, INC.
253	GSM-500-67-W-255C	$1,172,178.26	17-JAN-1989	CONTINENTAL GRAIN CO.
254	GSM-500-67-W-256C	$1,178,424.98	17-JAN-1989	RICHCO GRAIN, LTD.
255	GSM-500-67-W-257C	$595,275.48	17-JAN-1989	LOUIS DREYFUS CORP.
256	GSM-500-67-W-258C	$548,517.05	17-JAN-1989	GARNAC GRAIN CO., INC.
257	GSM-500-67-W-259C	$567,257.21	17-JAN-1989	GARNAC GRAIN CO., INC.
258	GSM-500-67-W-260C	$1,174,015.53	17-JAN-1989	CONTINENTAL GRAIN CO.
259	GSM-500-67-W-261C	$1,199,737.31	17-JAN-1989	CONTINENTAL GRAIN CO.
260	GSM-500-67-W-262C	$1,200,472.22	17-JAN-1989	BUNGE CORP.
261	GSM-500-3-W-176C	$483,606.21	19-JAN-1989	GARNAC GRAIN CO., INC.
262	GSM-500-3-W-177C	$484,598.34	19-JAN-1989	FERRUZZI U.S.A., INC.
263	GSM-500-3-W-178C	$496,614.08	19-JAN-1989	FERRUZZI U.S.A., INC.
264	GSM-500-3-W-179C	$500,472.35	19-JAN-1989	CONTINENTAL GRAIN CO.
265	GSM-500-3-W-180C	$417,060.29	19-JAN-1989	CONTINENTAL GRAIN CO.
266	GSM-500-3-W-181C	$509,291.24	19-JAN-1989	CONTINENTAL GRAIN CO.
267	GSM-500-3-W-182C	$436,335.00	19-JAN-1989	KANEMATSU-GOSHO (USA)
268	GSM-500-7-W-33C	$274,671.87	19-JAN-1989	CONTINENTAL GRAIN CO.
269	GSM-500-7-W-34C	$248,031.45	19-JAN-1989	PEAVEY COMPANY
270	GSM-502-78-SFO-13C	$874,344.36	23-JAN-1989	CARGILL INC.
271	GSM-500-3-W-183C	$336,220.50	23-JAN-1989	CARGILL INC.
272	GSM-500-3-W-184C	$399,514.44	23-JAN-1989	BUNGE CORP.
273	GSM-500-3-W-185C	$412,007.87	23-JAN-1989	BUNGE CORP.
274	GSM-500-3-W-186C	$424,501.31	23-JAN-1989	BUNGE CORP.
275	GSM-500-3-W-187C	$426,246.64	23-JAN-1989	LOUIS DREYFUS CORP.
276	GSM-500-3-W-188C	$515,885.76	23-JAN-1989	MARUBENI AMERICA CORP.
277	GSM-500-3-W-189C	$433,595.72	23-JAN-1989	LOUIS DREYFUS CORP.
278	GSM-500-14-W-25C	$74,372.69	24-JAN-1989	CONTINENTAL GRAIN CO.
279	GSM-505-12-WF-21C	$716,770.58	24-JAN-1989	THE PILLSBURY COMPANY
280	GSM-505-12-WF-22C	$750,115.15	24-JAN-1989	ADM MILLING COMPANY
281	GSM-500-67-W-263C	$1,121,837.06	24-JAN-1989	FERRUZZI U.S.A., INC.
282	GSM-500-67-W-264C	$1,148,631.19	24-JAN-1989	TOEPFER INTERNATIONAL
283	GSM-500-67-W-265C	$1,159,068.45	24-JAN-1989	UNION EQYITY COOP. EXC.
284	GSM-500-67-W-266C	$1,164,829.18	24-JAN-1989	CONTINENTAL GRAIN CO.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
285	GSM-500-67-W-267C	$1,166,666.77	24-JAN-1989	CARGILL INC.
256	GSM-500-67-W-268C	$1,131,023.41	24-JAN-1989	FERRUZZI U.S.A., INC.
287	GSM-500-67-W-269C	$1,140,026.04	24-JAN-1989	FERRUZZI U.S.A., INC.
288	GSM-500-67-W-270C	$1,144,619.21	24-JAN-1989	FERRUZZI U.S.A., INC.
289	GSM-500-67-W-271C	$572,677.15	24-JAN-1989	GARNAC GRAIN CO., INC.
290	GSM-500-67-W-272C	$1,153,805.56	24-JAN-1989	FERRUZZI U.S.A., INC.
291	GSM-500-67-W-273C	$1,158,398.74	24-JAN-1989	FERRUZZI U.S.A., INC.
292	GSM-500-67-W-274C	$817,952.60	24-JAN-1989	LOUIS DREYFUS CORP.
293	GSM-500-67-W-275C	$585,170.65	24-JAN-1989	CARGILL INC.
294	GSM-500-67-W-276C	$1,174,015.53	24-JAN-1989	CONTINENTAL GRAIN CO.
295	GSM-506-39-E-95C	$35,437.50	25-JAN-1989	DECOSTER EGG FARMS
296	GSM-506-39-E-96C	$7,875.00	25-JAN-1989	DECOSTER EGG FARMS
297	GSM-506-39-E-97C	$7,875.00	25-JAN-1989	DECOSTER EGG FARMS
298	GSM-500-15-W-59C	$70,551.17	25-JAN-1989	LOUIS DREYFUS CORP.
299	GSM-500-15-W-60C	$59,597.69	25-JAN-1989	MITSUBISHI INT'L CORP.
300	GSM-500-15-W-61C	$163,333.30	25-JAN-1989	LOUIS DREYFUS CORP.
301	GSM-500-15-W-62C	$168,468.18	25-JAN-1989	C. ITOH & CO. (AMER.)
302	GSM-500-67-W-277C	$592,519.58	27-JAN-1989	PEAVEY COMPANY
303	GSM-500-43-W-3C	$141,102.24	27-JAN-1989	PEAVEY COMPANY
304	GSM-506-39-E-98C	$3,825.00	30-JAN-1989	NATIONAL FOOD CORP.
305	GSM-500-1-W-219C	$1,162,991.91	31-JAN-1989	CAM USA, INC.
306	GSM-500-15-W-63C	$16,957.05	01-FEB-1989	MITSUBISHI INT'L CORP.
307	GSM-504-44-B-8C	$372,853.10	07-FEB-1989	HARVEST STATES COOP.
308	GSM-500-32-W-11C	$628,346.34	07-FEB-1989	LOUIS DREYFUS CORP.
309	GSM-500-1-W-220C	$584,251.86	07-FEB-1989	CARGILL INC.
310	GSM-500-1-W-221C	$584,251.86	07-FEB-1989	CARGILL INC.
311	GSM-500-15-W-64C	$172,329.36	08-FEB-1989	MARUBENI AMERICA CORP.
312	GSM-500-14-W-26C	$55,375.32	09-FEB-1989	CONTINENTAL GRAIN CO.
313	GSM-500-19-W-14C	$904,671.75	09-FEB-1989	BUNGE CORP.
314	GSM-500-19-W-15C	$1,048,162.54	09-FEB-1989	GARNAC GRAIN CO., INC.
315	GSM-500-67-W-278C	$1,138,556.42	09-FEB-1989	CENTRAL STATES ENT.
316	GSM-500-67-W-279C	$2,285,563.88	09-FEB-1989	LOUIS DREYFUS CORP.
317	GSM-500-67-W-280C	$1,144,619.21	09-FEB-1989	CONTINENTAL GRAIN CO.
318	GSM-500-67-W-281C	$1,146,456.48	09-FEB-1989	CONTINENTAL GRAIN CO.
319	GSM-500-67-W-282C	$1,146,456.48	09-FEB-1989	CONTINENTAL GRAIN CO.
320	GSM-500-67-W-283C	$1,148,293.75	09-FEB-1989	CONTINENTAL GRAIN CO.
321	GSM-500-67-W-284C	$2,307,611.12	09-FEB-1989	LOUIS DREYFUS CORP.
322	GSM-500-67-W-285C	$1,159,868.55	09-FEB-1989	FERRUZZI U.S.A., INC.
323	GSM-500-67-W-286C	$1,159,868.55	09-FEB-1989	FERRUZZI U.S.A., INC.
324	GSM-500-67-W-287C	$1,164,829.18	09-FEB-1989	CONTINENTAL GRAIN CO.
325	GSM-504-52-B-9C	$432,024.91	15-FEB-1989	COPROSTATES, INC.
326	GSM-500-5-W-11	$173,622.02	13-FEB-1989	CONTINENTAL GRAIN CO.
327	GSM-500-1-W-222C	$669,685.10	16-FEB-1989	CARGILL INC.
328	GSM-500-1-W-223C	$383,070.90	16-FEB-1989	CARGILL INC.
329	GSM-500-1-W-224C	$232,414.72	16-FEB-1989	CARGILL INC.
330	GSM-500-1-W-225C	$336,496.06	16-FEB-1989	GARNAC GRAIN CO., INC.
331	GSM-500-1-W-226C	$597,112.75	16-FEB-1989	WOODHOUSE DRAKE & CAREY
332	GSM-500-1-W-227C	$669,685.10	17-FEB-1989	CARGILL INC.
333	GSM-500-1-W-228C	$265,485.56	17-FEB-1989	GARNAC GRAIN CO., INC.
334	GSM-500-1-W-229C	$271,732.28	17-FEB-1989	GARNAC GRAIN CO., INC.
335	GSM-500-1-W-230C	$401,443.60	17-FEB-1989	CARGILL INC.
336	GSM-500-1-W-231C	$587,007.92	17-FEB-1989	CARGILL INC.
337	GSM-500-1-W-232C	$618,241.52	17-FEB-1989	CARGILL INC.
338	GSM-500-1-W-233C	$357,349.11	17-FEB-1989	CARGILL INC.
339	GSM-500-1-W-234C	$370,210.01	17-FEB-1989	CARGILL INC.
340	GSM-500-1-W-235C	$245,275.61	17-FEB-1989	CARGILL INC.
341	GSM-500-15-W-65C	$118,956.54	17-FEB-1989	C. ITOH & CO. (AMER.)
342	GSM-500-15-W-66C	$111,889.74	17-FEB-1989	CONTINENTAL GRAIN CO.
343	GSM-500-1-W-236C	$464,829.31	21-FEB-1989	CAM USA, INC.
344	GSM-500-1-W-237C	$569,553.70	21-FEB-1989	WOODHOUSE DRAKE & CAREY
345	GSM-500-1-W-238C	$349,081.30	21-FEB-1989	CAM USA, INC.
346	GSM-500-87-W-10C	$186,225.69	21-FEB-1989	BUNGE CORP.
347	GSM-506-39-E-99C	$3,712.50	23-FEB-1989	NATIONAL FOOD CORP.
348	GSM-502-77-SBO-9C	$449,738.40	23-FEB-1989	AMBER, INC.
349	GSM-502-77-SBO-10C	$449,738.40	23-FEB-1989	AMBER, INC.
350	GSM-500-67-W-288C	$1,091,338.38	23-FEB-1989	LOUIS DREYFUS CORP.
351	GSM-500-67-W-289C	$2,182,676.76	23-FEB-1989	LOUIS DREYFUS CORP.
352	GSM-500-67-W-290C	$1,100,525.03	23-FEB-1989	CARGILL INC.
353	GSM-500-67-W-291C	$2,223,096.70	23-FEB-1989	LOUIS DREYFUS CORP.
354	GSM-500-67-W-292C	$1,111,548.35	23-FEB-1989	LOUIS DREYFUS CORP.
355	GSM-500-67-W-293C	$1,117,060.46	23-FEB-1989	CARGILL INC.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
356	GSM-500-70-W-15C	$422,204.76	24-FEB-1989	CARGILL INC.
357	GSM-500-70-W-16C	$414,929.06	24-FEB-1989	FERRUZZI U.S.A., INC.
358	GSM-500-70-W-17C	$365,984.18	24-FEB-1989	RICHCO GRAIN, LTD.
359	GSM-500-70-W-18C	$484,083.90	24-FEB-1989	FERRUZZI U.S.A., INC.
360	GSM-500-70-W-19C	$362,677.10	24-FEB-1989	RICHCO GRAIN, LTD.
361	GSM-500-1-W-239C	$438,188.90	28-FEB-1989	CAM USA, INC.
362	GSM-500-1-W-240C	$457,480.23	28-FEB-1989	CONTINENTAL GRAIN CO.
363	GSM-500-15-W-67C	$128,608.90	01-MAR-1989	LOUIS DREYFUS CORP.
364	GSM-500-67-W-294C	$859,842.36	02-MAR-1989	PEAVEY COMPANY
365	GSM-500-67-W-295C	$881,889.60	02-MAR-1989	PEAVEY COMPANY
366	GSM-500-67-W-296C	$1,118,897.43	02-MAR-1989	CONTINENTAL GRAIN CO.
367	GSM-500-67-W-297C	$1,118,897.43	02-MAR-1989	CONTINENTAL GRAIN CO.
368	GSM-500-67-W-298C	$1,121,469.61	02-MAR-1989	BUNGE CORP.
369	GSM-500-67-W-299C	$1,121,653.34	02-MAR-1989	FERRUZZI U.S.A., INC.
370	GSM-500-67-W-300C	$1,126,062.78	02-MAR-1989	FERRUZZI U.S.A., INC.
371	GSM-500-67-W-301C	$683,464.44	02-MAR-1989	PEAVEY COMPANY
372	GSM-500-67-W-302C	$1,139,842.31	02-MAR-1989	BUNGE CORP.
373	GSM-500-67-W-303C	$570,440.25	02-MAR-1989	MITSUBISHI INT'L CORP.
374	GSM-500-67-W-304C	$1,148,844.93	02-MAR-1989	FERRUZZI U.S.A., INC.
375	GSM-504-57-B-19C	$327,263.68	06-MAR-1989	CONTINENTAL GRAIN CO.
376	GSM-500-61-W-277C	$659,212.48	07-MAR-1989	LOUIS DREYFUS CORP.
377	GSM-500-61-W-278C	$659,212.48	07-MAR-1989	LOUIS DREYFUS CORP.
378	GSM-500-61-W-279C	$1,102,362.00	07-MAR-1989	LOUIS DREYFUS CORP.
379	GSM-500-61-W-280C	$992,125.80	07-MAR-1989	LOUIS DREYFUS CORP.
380	GSM-500-61-W-281C	$993,779.34	07-MAR-1989	LOUIS DREYFUS CORP.
381	GSM-500-61-W-282C	$1,104,199.27	07-MAR-1989	LOUIS DREYFUS CORP.
382	GSM-500-61-W-283C	$1,107,874.11	07-MAR-1989	CARGILL INC.
383	GSM-500-61-W-284C	$1,126,246.82	07-MAR-1989	CARGILL INC.
384	GSM-500-61-W-285C	$1,129,921.36	07-MAR-1989	CARGILL INC.
385	GSM-500-14-W-27C	$113,278.75	08-MAR-1989	CARGILL INC.
386	GSM-500-14-W-28C	$84,440.95	10-MAR-1989	CARGILL INC.
387	GSM-504-57-B-20C	$314,172.83	10-MAR-1989	LOUIS DREYFUS CORP.
388	GSM-500-67-W-305C	$510,761.06	13-MAR-1989	GARNAC GRAIN CO., INC.
389	GSM-500-67-W-306C	$519,763.68	13-MAR-1989	GARNAC GRAIN CO., INC.
390	GSM-500-67-W-307C	$528,123.26	13-MAR-1989	GARNAC GRAIN CO., INC.
391	GSM-500-67-W-308C	$563,091.58	13-MAR-1989	MITSUBISHI INT'L CORP.
392	GSM-500-67-W-309C	$1,133,963.04	13-MAR-1989	FERRUZZI U.S.A., INC.
393	GSM-500-67-W-310C	$1,142,782.25	13-MAR-1989	CARGILL INC.
394	GSM-500-67-W-311C	$573,228.24	13-MAR-1989	CONTINENTAL GRAIN CO.
395	GSM-500-67-W-312C	$1,148,447.47	13-MAR-1989	TOEPFER INTERNATIONAL
396	GSM-500-67-W-313C	$1,149,028.66	13-MAR-1989	BUNGE CORP.
397	GSM-500-67-W-314C	$1,151,968.60	13-MAR-1989	CARGILL INC.
398	GSM-500-67-W-315C	$1,157,480.31	13-MAR-1989	GRANPLEX, INC.
399	GSM-500-67-W-316C	$1,170,524.72	13-MAR-1989	FERRUZZI U.S.A., INC.
400	GSM-500-67-W-317C	$943,621.87	13-MAR-1989	LOUIS DREYFUS CORP.
401	GSM-508-63-FP-27C	$132,055.54	15-MAR-1989	GRESS FOODS, INC.
402	GSM-500-86-W-77C	$274,105.39	15-MAR-1989	CONTINENTAL GRAIN CO.
403	GSM-500-86-W-78C	$268,961.32	15-MAR-1989	CONTINENTAL GRAIN CO.
404	GSM-500-86-W-79C	$142,572.15	15-MAR-1989	LOUIS DREYFUS CORP.
405	GSM-500-86-W-80C	$124,566.91	15-MAR-1989	CONTINENTAL GRAIN CO.
406	GSM-500-60-W-34C	$1,038,792.72	15-MAR-1989	CARGILL INC.
407	GSM-500-60-W-35C	$693,202.14	15-MAR-1989	CARGILL INC.
408	GSM-500-68-W-17C	$500,656.21	15-MAR-1989	CARGILL INC.
409	GSM-500-68-W-18C	$506,168.02	15-MAR-1989	CARGILL INC.
410	GSM-500-60-W-36C	$1,125,695.33	16-MAR-1989	CONTINENTAL GRAIN CO.
411	GSM-500-15-W-71C	$204,733.85	21-MAR-1989	NISSHO IWAI AMERICAN
412	GSM-500-15-W-68C	$127,322.81	21-MAR-1989	CONTINENTAL GRAIN CO.
413	GSM-500-15-W-69C	$139,404.21	21-MAR-1989	MITSUBISHI INT'L CORP.
414	GSM-500-15-W-70C	$21,495.24	21-MAR-1989	MITSUI GRAIN CORP.
415	GSM-500-3-W-190C	$290,748.02	21-MAR-1989	GARNAC GRAIN CO., INC.
416	GSM-500-3-W-191C	$390,787.33	21-MAR-1989	FERRUZZI U.S.A., INC.
417	GSM-500-3-W-192C	$402,251.89	21-MAR-1989	BUNGE CORP.
418	GSM-500-3-W-193C	$423,637.72	21-MAR-1989	FERRUZZI U.S.A., INC.
419	GSM-500-3-W-194C	$432,677.09	21-MAR-1989	BUNGE CORP.
420	GSM-500-68-W-19C	$539,055.02	21-MAR-1989	CONTINENTAL GRAIN CO.
421	GSM-500-68-W-20C	$603,874.07	21-MAR-1989	CARGILL INC.
422	GSM-500-68-W-21C	$595,918.77	21-MAR-1989	LOUIS DREYFUS CORP.
423	GSM-500-68-W-22C	$616,000.05	21-MAR-1989	CARGILL INC.
424	GSM-500-68-W-23C	$565,181.00	21-MAR-1989	FERRUZZI U.S.A., INC.
425	GSM-500-68-W-24C	$576,535.33	21-MAR-1989	CONTINENTAL GRAIN CO.
426	GSM-500-68-W-25C	$578,740.05	21-MAR-1989	CENTRAL STATES ENT.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
427	GSM-500-61-W-286C	$880,052.57	22-MAR-1989	CARGILL INC.
428	GSM-500-61-W-287C	$911,286.17	22-MAR-1989	CARGILL INC.
429	GSM-500-61-W-288C	$935,170.68	22-MAR-1989	CARGILL INC.
430	GSM-500-61-W-289C	$611,810.91	22-MAR-1989	BARTLETT AND COMPANY
431	GSM-500-61-W-290C	$919,370.13	22-MAR-1989	CARGILL INC.
432	GSM-500-61-W-291C	$834,855.49	22-MAR-1989	FERRUZZI U.S.A., INC.
433	GSM-500-61-W-292C	$837,795.12	22-MAR-1989	RICHCO GRAIN, LTD.
434	GSM-500-61-W-293C	$955,582.50	22-MAR-1989	FERRUZZI U.S.A., INC.
435	GSM-500-61-W-294C	$1,089,501.11	22-MAR-1989	LOUIS DREYFUS CORP.
436	GSM-505-100-WF-6C	$115,919.45	23-MAR-1989	ADM MILLING COMPANY
437	GSM-504-31-B-98C	$171,049.87	23-MAR-1989	CARGILL INC.
438	GSM-512-50-W-53C	$286,614.00	23-MAR-1989	PEAVEY COMPANY
439	GSM-512-50-W-54C	$286,614.00	23-MAR-1989	PEAVEY COMPANY
440	GSM-512-50-W-55C	$165,354.30	23-MAR-1989	PEAVEY COMPANY
441	GSM-507-90-BM-1C	$74,716.28	24-MAR-1989	FROEDTERT MALT CORP.
442	GSM-500-32-W-12C	$612,362.20	31-MAR-1989	BUNGE CORP.
443	GSM-502-78-SFO-14C	$833,338.80	04-APR-1989	CARGILL INC.
444	GSM-502-78-SFO-15C	$833,338.80	04-APR-1989	CARGILL INC.
445	GSM-500-61-W-295C	$266,391.83	06-APR-1989	BARTLETT & COMPANY
446	GSM-500-61-W-296C	$322,992.12	06-APR-1989	GARNAC GRAIN CO., INC.
447	GSM-500-61-W-297C	$330,693.30	06-APR-1989	BARTLETT & COMPANY
448	GSM-500-61-W-298C	$248,031.45	06-APR-1989	CONTINENTAL GRAIN CO.
449	GSM-500-61-W-299C	$323,359.52	06-APR-1989	CONTINENTAL GRAIN CO.
450	GSM-500-61-W-300C	$406,771.58	06-APR-1989	BUNGE CORP.
451	GSM-504-35-B-16C	$363,528.14	07-APR-1989	LOUIS DREYFUS CORP.
452	GSM-507-90-BM-2C	$120,993.31	07-APR-1989	FROEDTERT MALT CORP.
453	GSM-500-6-W-170C	$229,291.30	10-APR-1989	LOUIS DREYFUS CORP.
454	GSM-500-5-W-12	$199,343.80	10-APR-1989	CONTINENTAL GRAIN CO.
455	GSM-506-39-E-100C	$3,825.00	10-APR-1989	NATIONAL FOOD CORP.
456	GSM-506-39-E-101C	$29,137.50	10-APR-1989	DECOSTER EGG FARMS
457	GSM-512-50-W-56C	$11,574.78	10-APR-1989	PEAVEY COMPANY
458	GSM-500-25-W-36C	$119,070.00	12-APR-1989	PEAVEY COMPANY
459	GSM-500-14-W-29C	$75,897.62	13-APR-1989	CONTINENTAL GRAIN CO.
460	GSM-500-60-W-37C	$321,944.91	13-APR-1989	ENTRADE INTERNATIONAL
461	GSM-502-77-CSO-11C	$842,605.76	13-APR-1989	TRADECOM, INC.
462	GSM-502-77-CSO-12C	$816,150.32	13-APR-1989	TRADECOM, INC.
463	GSM-502-77-CSO-13C	$804,245.38	13-APR-1989	TRADECOM, INC.
464	GSM-500-32-W-13C	$684,199.47	18-APR-1989	BUNGE CORP.
465	GSM-502-77-SBO-14C	$505,960.29	21-APR-1989	TRADECOM, INC.
466	GSM-500-3-W-195C	$294,881.88	27-APR-1989	GARNAC GRAIN CO., INC.
467	GSM-500-3-W-196C	$298,740.10	27-APR-1989	LOUIS DREYFUS CORP.
468	GSM-500-3-W-197C	$313,070.81	27-APR-1989	LOUIS DREYFUS CORP.
469	GSM-500-3-W-198C	$314,173.17	27-APR-1989	CONTINENTAL GRAIN CO.
470	GSM-500-3-W-199C	$336,220.41	27-APR-1989	LOUIS DREYFUS CORP.
471	GSM-500-3-W-200C	$358,267.65	27-APR-1989	CONTINENTAL GRAIN CO.
472	GSM-500-3-W-201C	$415,567.10	27-APR-1989	MARUBENI AMERICA CORP.
473	GSM-500-3-W-202C	$442,047.16	27-APR-1989	LOUIS DREYFUS CORP.
474	GSM-500-3-W-203C	$270,078.69	28-APR-1989	LOUIS DREYFUS CORP.
475	GSM-500-3-W-204C	$380,734.42	28-APR-1989	BUNGE CORP.
476	GSM-500-14-W-30C	$68,401.56	01-MAY-1989	CONTINENTAL GRAIN CO.
477	GSM-500-32-W-14C	$560,918.53	02-MAY-1989	FERRUZZI U.S.A., INC.
478	GSM-500-32-W-15C	$605,013.01	02-MAY-1989	FERRUZZI U.S.A., INC.
479	GSM-500-68-W-26C	$389,133.79	02-MAY-1989	CONTINENTAL GRAIN CO.
480	GSM-500-67-W-318C	$372,414.63	05-MAY-1989	CENTRAL STATES ENT.
481	GSM-500-67-W-319C	$308,661.36	05-MAY-1989	PEAVEY COMPANY
482	GSM-500-67-W-320C	$323,359.52	05-MAY-1989	PEAVEY COMPANY
483	GSM-500-67-W-321C	$422,915.77	05-MAY-1989	UNION EQUITY COOP.
484	GSM-500-67-W-322C	$367,454.00	05-MAY-1989	PEAVEY COMPANY
485	GSM-500-67-W-323C	$277,795.22	05-MAY-1989	RICHCO GRAIN, LTD.
486	GSM-500-67-W-324C	$466,666.58	05-MAY-1989	FERRUZZI U.S.A., INC.
487	GSM-504-52-W-10C	$93,012.30	13-MAY-1989	CONTINENTAL GRAIN CO.
488	GSM-505-12-WF-23C	$730,273.75	16-MAY-1989	CARGILL INC.
489	GSM-505-12-WF-24C	$697,204.75	16-MAY-1989	PEAVEY COMPANY
490	GSM-500-4-WF-12	$3,277,517.09	16-MAY-1989	THE PILLSBURY COMPANY
491	GSM-500-14-W-31C	$26,809.47	22-MAY-1989	CONTINENTAL GRAIN CO.
492	GSM-500-4-WF-13	$2,792,813.05	24-MAY-1989	THE PILLSBURY COMPANY
493	GSM-500-67-W-325C	$161,826.74	26-MAY-1989	GARNAC GRAIN CO., INC.
494	GSM-500-67-W-326C	$289,370.03	26-MAY-1989	CONTINENTAL GRAIN CO.
495	GSM-500-67-W-327C	$215,419.91	26-MAY-1989	HARVEST STATES COOP.
496	GSM-500-67-W-328C	$259,055.07	26-MAY-1989	CONTINENTAL GRAIN CO.
497	GSM-500-67-W-329C	$264,566.88	26-MAY-1989	PEAVEY COMPANY

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
498	GSM-500-67-W-330C	$264,566.88	26-MAY-1989	PEAVEY COMPANY
499	GSM-500-67-W-331C	$457,663.96	26-MAY-1989	TRADIGRAIN, INC.
500	GSM-500-67-W-332C	$233,333.29	26-MAY-1989	LOUIS DREYFUS CORP.
501	GSM-500-67-W-333C	$281,102.31	26-MAY-1989	CONTINENTAL GRAIN CO.
502	GSM-500-67-W-334C	$240,131.19	26-MAY-1989	BUNGE CORP.
503	GSM-500-19-W-16C	$285,144.30	02-JUN-1989	GARNAC GRAIN CO., INC.
504	GSM-505-2-WF-109C	$1,234,576.00	19-JUN-1989	CARGILL INC.
505	GSM-505-2-WF-110C	$792,498.59	19-JUN-1989	BARTLETT AND COMPANY
506	GSM-505-2-WF-111C	$836,090.48	19-JUN-1989	PEAVEY COMPANY
507	GSM-505-2-WF-112C	$283,247.01	20-JUN-1989	CARGILL INC.
508	GSM-500-67-W-335C	$283,968.53	22-JUN-1989	CARGILL INC.
509	GSM-500-67-W-336C	$356,283.50	22-JUN-1989	CARGILL INC.
510	GSM-505-2-WF-113C	$1,269,849.60	26-JUN-1989	CARGILL INC.
511	GSM-505-2-WF-114C	$835,654.35	30-JUN-1989	ADM MILLING CO.
512	GSM-505-2-WF-115C	$513,230.88	30-JUN-1989	CARGILL INC.
513	GSM-505-2-WF-116C	$905,530.63	30-JUN-1989	BARTLETT AND COMPANY
514	GSM-502-78-SBO-16C	$281,747.88	05-JUL-1989	CARGILL INC.
515	GSM-502-78-SFO-17C	$228,176.10	05-JUL-1989	CARGILL INC.
516	GSM-505-2-WF-117C	$1,252,212.80	06-JUL-1989	THE PILLSBURY COMPANY
517	GSM-505-2-WF-118C	$814,798.11	06-JUL-1989	ADM MILLING COMPANY
518	GSM-505-2-WF-119C	$566,890.84	06-JUL-1989	CARGILL INC.
519	GSM-505-2-WF-120C	$25,749.73	07-JUL-1989	CARGILL INC.
520	GSM-505-2-WF-121C	$797,888.83	10-JUL-1989	ADM MILLING COMPANY
521	GSM-505-2-WF-122C	$1,005,438.69	10-JUL-1989	BARTLETT AND COMPANY
522	GSM-505-2-WF-123C	$822,822.86	10-JUL-1989	ADM MILLING COMPANY
523	GSM-505-2-WF-124C	$836,668.09	10-JUL-1989	PEAVEY COMPANY
524	GSM-505-2-WF-125C	$313,273.66	10-JUL-1989	CARGILL INC.
525	GSM-505-2-WF-126C	$1,461,649.80	12-JUL-1989	CARGILL INC.
526	GSM-505-2-WF-127C	$750,886.76	12-JUL-1989	CARGILL INC.
527	GSM-505-2-WF-128C	$300,984.92	13-JUL-1989	PEAVEY COMPANY
528	GSM-504-35-B-17C	$198,425.23	13-JUL-1989	CONTINENTAL GRAIN CO.
529	GSM-508-55-FP-5C	$3,134,941.20	14-JUL-1989	PILLSBURY COMPANY
530	GSM-512-50-W-57C	$7,480.00	14-JUL-1989	PEAVEY COMPANY
531	GSM-512-50-W-58C	$15,175.86	26-JUL-1989	LOUIS DREYFUS CORP.
532	GSM-512-50-W-59C	$9,002.63	26-JUL-1989	PEAVEY COMPANY
533	GSM-502-78-SFO-18C	$89,947.68	28-JUL-1989	AMBER, INC.
534	GSM-512-50-W-60C	$36,745.38	02-AUG-1989	PEAVEY COMPANY
535	GSM-512-50-W-61C	$4,850.39	02-AUG-1989	PEAVEY COMPANY
536	GSM-506-39-E-102C	$4,725.00	02-AUG-1989	GOLD KIST, INC.
537	GSM-512-50-W-62C	$8,818.92	03-AUG-1989	PEAVEY COMPANY
538	GSM-512-50-W-63C	$63,936.96	03-AUG-1989	PEAVEY COMPANY
539	GSM-505-100-WF-7C	$169,313.28	04-AUG-1989	CARGILL INC.
540	GSM-505-100-WF-8C	$93,320.22	07-AUG-1989	THE PILLSBURY COMPANY
541	GSM-506-39-E-103C	$4,725.00	07-AUG-1989	NATIONAL FOOD CORP.
542	GSM-506-39-E-104C	$51,975.00	07-AUG-1989	GOLD KIST, INC.
543	GSM-506-39-E-105C	$675.00	09-AUG-1989	NATIONAL FOOD CORP.
544	GSM-506-39-E-106C	$4,725.00	09-AUG-1989	NATIONAL FOOD CORP.
545	GSM-506-39-E-107C	$675.00	10-AUG-1989	NATIONAL FOOD CORP.
546	GSM-506-39-E-108C	$675.00	10-AUG-1989	NATIONAL FOOD CORP.
547	GSM-506-39-E-109C	$675.00	11-AUG-1989	NATIONAL FOOD CORP.
548	GSM-505-101-WF-1C	$659,175.40	11-AUG-1989	CONTINENTAL GRAIN CO.
549	GSM-512-50-W-64C	$8,818.88	15-AUG-1989	PEAVEY COMPANY
550	GSM-500-1-W-241C	$190,157.50	15-AUG-1989	CARGILL INC.
551	GSM-500-1-W-242C	$201,181.12	15-AUG-1989	CARGILL INC.
552	GSM-507-90-BM-3C	$59,523.89	16-AUG-1989	FROEDTERT MALT CORP.
553	GSM-500-1-W-243C	$191,994.72	17-AUG-1989	CAM USA, INC.
554	GSM-500-1-W-244C	$191,994.72	17-AUG-1989	CAM USA, INC.
555	GSM-500-1-W-245C	$203,018.39	17-AUG-1989	CARGILL INC.
556	GSM-500-1-W-246C	$214,041.96	17-AUG-1989	CAM USA, INC.
557	GSM-506-39-E-110C	$1,125.00	21-AUG-1989	GOLD KIST, INC.
558	GSM-506-39-E-111C	$675.00	22-AUG-1989	NATIONAL FOOD CORP.
559	GSM-504-35-B-18C	$120,708.67	22-AUG-1989	CARGILL INC.
560	GSM-506-39-E-112C	$675.00	23-AUG-1989	NATIONAL FOOD CORP.
561	GSM-506-39-E-113C	$675.00	23-AUG-1989	NATIONAL FOOD CORP.
562	GSM-506-39-E-114C	$675.00	23-AUG-1989	NATIONAL FOOD CORP.
563	GSM-500-1-W-247C	$191,994.72	23-AUG-1989	CONTINENTAL GRAIN CO.
564	GSM-500-1-W-248C	$191,994.72	23-AUG-1989	CONTINENTAL GRAIN CO.
565	GSM-512-50-W-65C	$3,086.58	24-AUG-1989	PEAVEY COMPANY
566	GSM-508-49-FP-12C	$121,032.54	24-AUG-1989	AMERICAN POULTRY INT'L.
567	GSM-506-39-E-115C	$630.00	25-AUG-1989	NATIONAL FOOD CORP.
568	GSM-506-39-E-116C	$45.00	29-AUG-1989	NATIONAL FOOD CORP.

SOURCE: RCP.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
569	GSM-502-76-SBO-11C	$395,505.24	30-AUG-1989	CONTINENTAL GRAIN CO.
570	GSM-502-78-SFO-19C	$139,992.10	31-AUG-1989	AMBER, INC.
571	GSM-502-76-SBO-12C	$392,859.72	31-AUG-1989	COPROSTATES, INC.
572	GSM-506-39-E-117C	$900.00	31-AUG-1989	NATIONAL FOOD CORP.
573	GSM-506-39-E-118C	$900.00	31-AUG-1989	NATIONAL FOOD CORP.
574	GSM-506-39-E-119C	$900.00	01-SEP-1989	NATIONAL FOOD CORP.
575	GSM-506-39-E-120C	$900.00	05-SEP-1989	NATIONAL FOOD CORP.
576	GSM-506-39-E-121C	$2,700.00	05-SEP-1989	MCCALL SANDERS MKT.
577	GSM-506-39-E-122C	$4,050.00	05-SEP-1989	MCCALL SANDERS MKT.
578	GSM-506-39-E-123C	$1,575.00	06-SEP-1989	GOLD KIST, INC.
579	GSM-505-101-WF-2C	$628,311.00	06-SEP-1989	A&M MILLING COMPANY
580	GSM-506-39-E-124C	$900.00	07-SEP-1989	NATIONAL FOOD CORP.
581	GSM-506-39-E-125C	$840.00	08-SEP-1989	NATIONAL FOOD CORP.
582	GSM-506-39-E-126C	$900.00	08-SEP-1989	NATIONAL FOOD CORP.
583	GSM-506-39-E-127C	$9,261.00	08-SEP-1989	HIDDEN VILLA RANCH
584	GSM-506-39-E-128C	$1,912.50	11-SEP-1989	GOLD KIST, INC.
585	GSM-506-39-E-129C	$5,625.00	11-SEP-1989	NATIONAL FOOD CORP.
586	GSM-506-39-E-130C	$1,512.00	11-SEP-1989	NATIONAL FOOD CORP.
587	GSM-506-39-E-131C	$1,852.20	11-SEP-1989	HIDDEN VILLA RANCH
588	GSM-506-39-E-132C	$3,213.00	11-SEP-1989	NATIONAL FOOD CORP.
589	GSM-500-58-W-63C	$142,601.58	12-SEP-1989	CAM USA, INC.
590	GSM-506-39-E-133C	$6,525.00	12-SEP-1989	NATIONAL FOOD CORP.
591	GSM-506-39-E-134C	$315.00	12-SEP-1989	GOLD KIST, INC.
592	GSM-506-39-E-135C	$360.00	12-SEP-1989	GOLD KIST, INC.
593	GSM-506-39-E-136C	$1,575.00	12-SEP-1989	NATIONAL FOOD CORP.
594	GSM-506-39-E-137C	$9,261.00	12-SEP-1989	HIDDEN VILLA RANCH
595	GSM-502-76-SBO-13C	$476,193.60	13-SEP-1989	CARGILL INC.
596	GSM-500-15-W-72C	$103,838.54	13-SEP-1989	MITSUI GRAIN CORP.
597	GSM-500-15-W-73C	$198,307.37	13-SEP-1989	MITSUI GRAIN CORP.
598	GSM-500-15-W-74C	$172,072.15	13-SEP-1989	MITSUI GRAIN CORP.
599	GSM-500-15-W-75C	$109,182.82	13-SEP-1989	MITSUBISHI INT'L CORP.
600	GSM-500-15-W-76C	$53,076.71	13-SEP-1989	MITSUI GRAIN CORP.
601	GSM-506-39-E-138C	$22,500.00	13-SEP-1989	NATIONAL FOOD CORP.
602	GSM-506-39-E-139C	$1,575.00	14-SEP-1989	NATIONAL FOOD CORP.
603	GSM-506-39-E-140C	$5,175.00	15-SEP-1989	NATIONAL FOOD CORP.
604	GSM-506-39-E-141C	$91,350.00	15-SEP-1989	DECOSTER EGG FARMS
605	GSM-506-39-E-142C	$13,050.00	15-SEP-1989	DECOSTER EGG FARMS
606	GSM-508-49-FP-13C	$214,948.50	18-SEP-1989	AMERICAN POULTRY INT'L
607	GSM-506-39-E-143C	$900.00	19-SEP-1989	NATIONAL FOOD CORP.
608	GSM-506-39-E-144C	$900.00	19-SEP-1989	NATIONAL FOOD CORP.
609	GSM-506-39-E-145C	$900.00	20-SEP-1989	NATIONAL FOOD CORP.
610	GSM-506-39-E-146C	$3,150.00	21-SEP-1989	NATIONAL FOOD CORP.
611	GSM-506-39-E-147C	$1,575.00	21-SEP-1989	NATIONAL FOOD CORP.
612	GSM-506-39-E-148C	$2,160.00	21-SEP-1989	MCCALL SANDERS MKT.
613	GSM-506-39-E-149C	$900.00	21-SEP-1989	NATIONAL FOOD CORP.
614	GSM-506-39-E-150C	$900.00	21-SEP-1989	NATIONAL FOOD CORP.
615	GSM-506-39-E-151C	$1,038.00	22-SEP-1989	NATIONAL FOOD CORP.
616	GSM-506-39-E-152C	$1,038.00	22-SEP-1989	NATIONAL FOOD CORP.
617	GSM-506-39-E-153C	$6,525.00	25-SEP-1989	DECOSTER EGG FARMS
618	GSM-500-6-W-171C	$251,338.54	25-SEP-1989	LOUIS DREYFUS CORP.
619	GSM-500-6-W-172C	$167,559.02	25-SEP-1989	LOUIS DREYFUS CORP.
620	GSM-500-6-W-173C	$206,141.69	25-SEP-1989	LOUIS DREYFUS CORP.
621	GSM-500-6-W-174C	$137,427.80	25-SEP-1989	LOUIS DREYFUS CORP.
622	GSM-502-76-SBO-14C	$482,807.40	26-SEP-1989	CARGILL INC.
623	GSM-502-76-SBO-15C	$43,871.54	26-SEP-1989	CARGILL INC.
624	GSM-500-6-W-175C	$173,805.74	26-SEP-1989	CONTINENTAL GRAIN CO.
625	GSM-500-6-W-176C	$187,768.99	26-SEP-1989	CONTINENTAL GRAIN CO.
626	GSM-500-6-W-177C	$283,307.03	26-SEP-1989	LOUIS DREYFUS CORP.
627	GSM-500-6-W-178C	$192,545.90	26-SEP-1989	LOUIS DREYFUS CORP.
628	GSM-500-6-W-179C	$294,330.65	26-SEP-1989	LOUIS DREYFUS CORP.
629	GSM-500-6-W-180C	$197,028.83	26-SEP-1989	GARNAC GRAIN CO., INC.
630	GSM-500-6-W-181C	$199,894.98	26-SEP-1989	LOUIS DREYFUS CORP.
631	GSM-500-6-W-182C	$305,354.27	26-SEP-1989	LOUIS DREYFUS CORP.
632	GSM-500-6-W-183C	$207,244.06	26-SEP-1989	LOUIS DREYFUS CORP.
633	GSM-506-39-E-154C	$6,525.00	27-SEP-1989	DECOSTER EGG FARMS
634	GSM-506-39-E-155C	$900.00	28-SEP-1989	GOLD KIST, INC.
635	GSM-506-39-E-156C	$900.00	28-SEP-1989	GOLD KIST, INC.
636	GSM-500-61-W-301C	$513,333.24	29-SEP-1989	BUNGE CORP.
637	GSM-500-61-W-302C	$448,273.26	29-SEP-1989	CARGILL INC.
638	GSM-500-61-W-303C	$359,360.56	29-SEP-1989	TOEPFER INTERNATIONAL
639	GSM-500-61-W-304C	$298,740.18	29-SEP-1989	CARGILL INC.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
640	GSM-500-61-W-305C	$299,621.99	29-SEP-1989	CONTINENTAL GRAIN CO.
641	GSM-500-61-W-306C	$496,062.90	29-SEP-1989	LOUIS DREYFUS CORP.
642	GSM-500-61-W-307C	$542,362.10	29-SEP-1989	LOUIS DREYFUS CORP.
643	GSM-506-39-E-157C	$840.00	29-SEP-1989	NATIONAL FOOD CORP.
644	GSM-506-39-E-158C	$900.00	29-SEP-1989	NATIONAL FOOD CORP.
		$338,765,261.68		

SOURCE: R.P.& R. BR., CCC/OD, FAS.

Mr. **Whitten**. Please provide a listing of the agreements entered into for fiscal year 1990 to date.

Mr. **Anderson**. I will be happy to provide that information for the record.

[The information follows:]

1 FY 1990 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 90 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
1	GSM-508-80-FP-3C	$363,759.00	891002	PROTIMEX CORP.
2	GSM-500-1-W-249C	$243,438.28	891003	CAM USA, INC.
3	GSM-500-1-W-250C	$289,553.75	891004	GARNAC GRAIN CO., INC.
4	GSM-500-1-W-251C	$309,580.00	891004	GARNAC GRAIN CO., INC.
5	GSM-500-3-W-205C	$512,230.88	891004	GARNAC GRAIN CO., INC.
6	GSM-500-3-W-206C	$297,527.50	891004	CONTINENTAL GRAIN CO.
7	GSM-500-3-W-207C	$302,047.24	891004	GARNAC GRAIN CO., INC.
8	GSM-500-3-W-208C	$313,070.81	891004	LOUIS DREYFUS CORP.
9	GSM-500-3-W-209C	$324,094.43	891004	LOUIS DREYFUS CORP.
10	GSM-500-3-W-210C	$325,196.79	891004	CONTINENTAL GRAIN CO.
11	GSM-500-3-W-211C	$282,976.37	891004	GARNAC GRAIN CO., INC.
12	GSM-500-3-W-212C	$282,976.37	891004	GARNAC GRAIN CO., INC.
13	GSM-500-3-W-213C	$329,606.24	891004	COPROSTATES, INC.
14	GSM-500-3-W-214C	$195,669.31	891004	CARGILL INC.
15	GSM-500-3-W-215C	$249,133.81	891004	LOUIS DREYFUS CORP.
16	GSM-500-3-W-216C	$127,317.96	891004	MARUBENI AMERICA CORP.
17	GSM-500-3-W-217C	$248,022.00	891004	MARUBENI AMERICA CORP.
18	GSM-500-3-W-218C	$173,070.88	891004	CARGILL INC.
19	GSM-500-3-W-219C	$173,070.88	891004	CARGILL INC.
20	GSM-500-3-W-220C	$150,472.41	891004	BUNGE CORP.
21	GSM-506-39-E-159C	$630.00	891005	NATIONAL FOOD CORP.
22	GSM-506-39-E-160C	$675.00	891005	NATIONAL FOOD CORP.
23	GSM-506-39-E-161C	$675.00	891005	NATIONAL FOOD CORP.
24	GSM-506-39-E-162C	$675.00	891005	NATIONAL FOOD CORP.
25	GSM-506-39-E-163C	$675.00	891005	NATIONAL FOOD CORP.
26	GSM-506-39-E-164C	$675.00	891005	NATIONAL FOOD CORP.
27	GSM-506-39-E-165C	$4,950.00	891005	NATIONAL FOOD CORP.
28	GSM-500-3-W-221C	$236,089.26	891005	CARGILL INC.
29	GSM-506-39-E-166C	$2,250.00	891006	MILTON G. WALDBAUM CO.
30	GSM-506-39-E-167C	$675.00	891010	NATIONAL FOOD CORP.
31	GSM-506-39-E-168C	$4,500.00	891010	NATIONAL FOOD CORP.
32	GSM-506-39-E-169C	$630.00	891010	NATIONAL FOOD CORP.
33	GSM-506-39-E-170C	$675.00	891011	NATIONAL FOOD CORP.
34	GSM-506-39-E-171C	$675.00	891011	NATIONAL FOOD CORP.
35	GSM-506-39-E-172C	$675.00	891011	NATIONAL FOOD CORP.
36	GSM-508-49-FP-14C	$42,394.46	891011	AMERICAN POULTRY INT'L
37	GSM-500-1-W-252C	$273,661.37	891013	GARNAC GRAIN CO., INC.
38	GSM-500-1-W-253C	$281,745.35	891013	GARNAC GRAIN CO., INC.
39	GSM-507-93-BM-4C	$278,655.63	891013	FLEISCHMANN-KURTH MALT
40	GSM-500-1-W-254C	$286,614.12	891016	CONTINENTAL GRAIN CO.
41	GSM-500-1-W-254C	$304,986.82	891016	CONTINENTAL GRAIN CO.
42	GSM-508-81-FP-17C	$1,064,836.29	891016	FAST FOOD MERCHAN.
43	GSM-500-61-W-308C	$460,640.33	891017	BUNGE CORP.
44	GSM-500-61-W-309C	$562,204.62	891017	PEAVEY COMPANY
45	GSM-500-61-W-310C	$578,740.05	891017	PEAVEY COMPANY
46	GSM-500-61-W-311C	$514,435.60	891017	PEAVEY COMPANY
47	GSM-500-61-W-312C	$595,275.48	891017	PEAVEY COMPANY
48	GSM-500-61-W-313C	$462,992.04	891017	PEAVEY COMPANY
49	GSM-500-61-W-314C	$668,735.52	891017	CARGILL, INC.
50	GSM-500-7-W-35C	$293,044.64	891017	CARGILL, INC.
51	GSM-500-7-W-36C	$293,044.64	891017	CARGILL, INC.
52	GSM-500-3-W-222C	$219,553.82	891018	CARGILL, INC.
53	GSM-500-3-W-223C	$220,472.46	891018	CARGILL, INC.
54	GSM-500-3-W-224C	$221,391.10	891018	CARGILL, INC.
55	GSM-500-3-W-225C	$222,309.73	891018	CARGILL, INC.
56	GSM-500-3-W-226C	$268,976.33	891018	CONTINENTAL GRAIN CO.
57	GSM-500-3-W-227C	$276,692.86	891018	CONTINENTAL GRAIN CO.
58	GSM-500-3-W-228C	$284,409.40	891018	CONTINENTAL GRAIN CO.
59	GSM-500-3-W-229C	$97,375.31	891018	LOUIS DREYFUS CORP.
60	GSM-500-3-W-230C	$223,228.37	891019	CARGILL, INC.
61	GSM-500-3-W-231C	$182,257.18	891019	LOUIS DREYFUS CORP.
62	GSM-500-3-W-232C	$309,947.45	891020	LOUIS DREYFUS CORP.
63	GSM-500-3-W-233C	$326,923.82	891020	BUNGE CORP.
64	GSM-500-3-W-234C	$238,845.10	891020	HARVEST STATES COOP.
65	GSM-500-3-W-235C	$96,640.40	891020	LOUIS DREYFUS CORP.
66	GSM-504-35-B-19C	$66,139.20	891020	CONTINENTAL GRAIN CO.
67	GSM-506-39-E-173C	$1,801.80	891023	NATIONAL FOOD CORP.
68	GSM-506-39-E-174C	$1,801.80	891023	NATIONAL FOOD CORP.
69	GSM-500-3-W-236C	$225,065.64	891023	CARGILL INC.
70	GSM-500-3-W-237C	$228,188.93	891023	BUNGE CORP.

SOURCE: R.P.& R. BR., CCC/OD, FAS

FY 1990 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 90 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
71	GSM-505-104-WF-1C	$614,752.71	891024	BARTLETT AND COMPANY
72	GSM-500-61-W-315C	$600,208.50	891024	CARGILL INC.
73	GSM-500-61-W-316C	$601,861.97	891024	CARGILL INC.
74	GSM-500-61-W-317C	$677,921.45	891024	CARGILL INC.
75	GSM-500-61-W-318C	$416,240.94	891024	TOEPFER INTERNATIONAL
76	GSM-500-61-W-319C	$498,244.57	891024	J. ARON AND COMPANY
77	GSM-500-61-W-320C	$507,063.20	891024	CARGILL INC.
78	GSM-500-61-W-321C	$512,942.19	891024	CARGILL INC.
79	GSM-500-61-W-322C	$518,821.04	891024	J. ARON AND COMPANY
80	GSM-500-15-W-77C	$112,142.69	891025	MITSUI GRAIN CORP.
81	GSM-500-15-W-78C	$141,075.97	891025	MITSUBISHI INT'L
82	GSM-500-15-W-79C	$135,031.75	891025	C. ITOH & CO. (AMER.)
83	GSM-500-15-W-80C	$204,488.15	891025	LOUIS DREYFUS CORP.
84	GSM-507-65-BM-2C	$2,723,322.00	891027	FROEDTERT MALT CORP.
85	GSM-500-1-W-256C	$348,805.71	891027	CAM USA, INC.
86	GSM-508-80-FP-4C	$992,070.00	891030	PROTIMEX, INC.
87	GSM-504-31-B-99C	$581,014.50	891030	LOUIS DREYFUS CORP.
88	GSM-504-31-B-100C	$654,502.50	891030	LOUIS DREYFUS CORP.
89	GSM-507-65-BM-3C	$680,830.50	891031	FROEDTERT MALT CORP.
90	GSM-500-1-W-257C	$257,125.94	891101	CAM USA, INC.
91	GSM-504-31-B-101C	$617,064.18	891101	TOEPFER INTERNATIONAL
92	GSM-500-15-W-81C	$137,611.56	891101	CARGILL INC.
93	GSM-508-81-FP-18C	$398,949.84	891101	FAST FOOD MERCH.
94	GSM-500-1-W-258C	$297,545.88	891102	CAM USA, INC.
95	GSM-508-81-FP-19C	$398,949.84	891103	FAST FOOD MERCH.
96	GSM-506-39-E-175C	$6,075.00	891103	NATIONAL FOOD CORP.
97	GSM-508-80-FP-5C	$197,686.48	891106	AMERICAN POUL. INT'L
98	GSM-502-76-SBO-16C	$476,193.60	891113	CARGILL INC.
99	GSM-502-76-SBO-17C	$510,585.36	891113	COPROSTATES, INC.
100	GSM-508-49-FP-15C	$40,189.86	891113	AMERICAN POUL. INT'L
101	GSM-512-50-W-66C	$25,720.40	891114	PEAVEY COMPANY
102	GSM-507-90-BM-4C	$31,609.50	891114	MINNESOTA MALTING CO.
103	GSM-500-15-W-82C	$68,893.75	891115	C. ITOH & CO. (AMER)
104	GSM-500-15-W-83C	$142,747.85	891115	GRANPLEX, INC.
105	GSM-500-3-W-238C	$228,915.12	891115	MITSUI GRAIN CORP.
106	GSM-500-3-W-239C	$248,031.45	891115	LOUIS DREYFUS CORP.
107	GSM-506-39-E-176C	$6,637.50	891116	NATIONAL FOOD CORP.
108	GSM-504-31-B-102C	$709,649.40	891116	LOUIS DREYFUS CORP.
109	GSM-500-3-W-240C	$248,950.09	891116	CONTINENTAL GRAIN CO.
110	GSM-505-2-WF-129C	$571,189.81	891117	ADM MILLING COMPANY
111	GSM-505-2-WF-130C	$586,379.51	891117	ADM MILLING COMPANY
112	GSM-508-75-FP-5C	$55,758.87	891117	CONAGRA POULTRY CO.
113	GSM-508-80-FP-6C	$65,895.49	891120	AMERICAN POULTRY INT'L
114	GSM-504-31-B-103C	$326,042.75	891120	TOEPFER INTERNATIONAL
115	GSM-500-14-W-32C	$114,627.28	891120	CONTINENTAL GRAIN CO.
116	GSM-505-2-WF-131C	$897,580.84	891120	THE PILLSBURY COMPANY
117	GSM-505-2-WF-132C	$613,039.74	891120	BARTLETT AND COMPANY
118	GSM-505-2-WF-133C	$542,248.93	891120	THE PILLSBURY COMPANY
119	GSM-505-2-WF-134C	$684,528.30	891120	CARGILL INC.
120	GSM-505-2-WF-135C	$266,403.86	891121	CARGILL INC.
121	GSM-502-76-SBO-18C	$488,098.44	891122	CONTINENTAL GRAIN CO.
122	GSM-502-76-SBO-19C	$490,743.96	891122	TRADECOM, INC.
123	GSM-500-15-W-84C	$95,532.67	891122	C. ITOH & CO. (AMER)
124	GSM-500-15-W-85C	$154,330.68	891122	LOUIS DREYFUS CORP.
125	GSM-500-15-W-86C	$156,902.86	891122	LOUIS DREYFUS CORP.
126	GSM-504-35-B-20C	$252,615.00	891129	CONTINENTAL GRAIN CO.
127	GSM-504-52-B-11C	$262,616.07	891130	TOEPFER INTERNATIONAL
128	GSM-504-52-B-12C	$343,339.91	891130	CARGILL INC.
129	GSM-512-50-W-67C	$94,802.96	891130	PEAVEY COMPANY
130	GSM-508-49-FP-16C	$150,024.60	891201	GOLD KIST, INC.
131	GSM-500-67-W-337C	$299,093.80	891204	CARGILL INC.
132	GSM-500-67-W-338C	$387,646.25	891204	HARVEST STATES COOP.
133	GSM-500-67-W-339C	$398,687.59	891204	LOUIS DREYFUS CORP.
134	GSM-500-67-W-340C	$799,028.72	891204	TRADIGRAIN, INC.
135	GSM-500-67-W-341C	$401,443.50	891204	CONTINENTAL GRAIN CO.
136	GSM-500-67-W-342C	$323,344.65	891204	CARGILL INC.
137	GSM-500-67-W-343C	$407,873.94	891204	LOUIS DREYFUS CORP.
138	GSM-500-67-W-344C	$258,675.72	891204	CARGILL INC.
139	GSM-500-67-W-345C	$280,721.94	891204	CARGILL INC.
140	GSM-500-67-W-346C	$373,884.45	891204	CONTINENTAL GRAIN CO.
141	GSM-500-67-W-347C	$381,212.08	891204	MITSUBISHI INT'L.

SOURCE: R.P.& R. PR., CCC/OD, FAS

FY 1990 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 90 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
142	GSM-500-67-W-348C	$383,070.80	891204	CONTINENTAL GRAIN CO.
143	GSM-500-67-W-349C	$389,501.24	891204	LOUIS DREYFUS CORP.
144	GSM-500-67-W-350C	$389,501.24	891204	LOUIS DREYFUS CORP.
145	GSM-500-67-W-351C	$405,099.40	891204	CARGILL INC.
146	GSM-500-67-W-352C	$163,149.58	891204	LOUIS DREYFUS CORP.
147	GSM-500-19-W-17C	$703,674.41	891204	LOUIS DREYFUS CORP.
148	GSM-500-60-W-38C	$672,992.00	891204	LOUIS DREYFUS CORP.
149	GSM-500-60-W-39C	$699,264.96	891204	LOUIS DREYFUS CORP.
150	GSM-500-60-W-40C	$604,278.10	891205	CONTINENTAL GRAIN CO.
151	GSM-500-60-W-41C	$563,656.17	891205	UNION EQUITY COOP.
152	GSM-500-1-W-259C	$465,656.08	891206	CONTINENTAL GRAIN CO.
153	GSM-500-1-W-260C	$436,351.63	891206	CAM USA, INC.
154	GSM-500-67-W-353C	$432,677.09	891207	LOUIS DREYFUS CORP.
155	GSM-500-67-W-354C	$432,677.09	891207	LOUIS DREYFUS CORP.
156	GSM-500-67-W-355C	$435,800.44	891207	CONTINENTAL GRAIN CO.
157	GSM-500-67-W-356C	$453,504.59	891207	MITSUBISHI INT'L.
158	GSM-500-67-W-357C	$798,456.68	891207	TOEPFER INTERNATIONAL
159	GSM-500-67-W-358C	$409,692.37	891207	CARGILL INC.
160	GSM-500-67-W-359C	$423,490.74	891207	LOUIS DREYFUS CORP.
161	GSM-500-67-W-360C	$423,490.74	891207	LOUIS DREYFUS CORP.
162	GSM-500-67-W-361C	$424,409.49	891207	J. ARON AND COMPANY
163	GSM-500-67-W-362C	$794,047.35	891207	TOEPFER INTERNATIONAL
164	GSM-500-67-W-363C	$404,180.81	891207	CARGILL INC.
165	GSM-500-67-W-364C	$837,956.95	891207	TOEPFER INTERNATIONAL
166	GSM-500-67-W-365C	$441,863.44	891207	LOUIS DREYFUS CORP.
167	GSM-500-67-W-366C	$178,582.64	891207	LOUIS DREYFUS CORP.
168	GSM-500-1-W-261C	$456,102.28	891208	CAM USA, INC.
169	GSM-508-49-FP-17C	$145,505.12	891211	GOLD KIST, INC.
170	GSM-504-36-B-3C	$663,717.40	891213	LOUIS DREYFUS CORP.
171	GSM-500-7-W-37C	$697,978.87	891220	CONTINENTAL GRAIN CO.
172	GSM-500-3-W-241C	$834,524.78	891220	BUNGE CORP.
173	GSM-500-61-W-323C	$953,543.13	891220	COPROSTATES, INC.
174	GSM-500-61-W-324C	$675,153.75	891220	MITSUBISHI INT'L.
175	GSM-500-61-W-325C	$774,593.03	891220	LOUIS DREYFUS CORP.
176	GSM-500-61-W-326C	$879,644.42	891220	CARGILL INC.
177	GSM-500-61-W-327C	$796,603.63	891220	CARGILL INC.
178	GSM-500-61-W-328C	$756,955.24	891220	PEAVEY COMPANY
179	GSM-500-61-W-329C	$569,700.68	891220	CONTINENTAL GRAIN CO.
180	GSM-500-61-W-330C	$758,874.13	891220	TRADIGRAIN, INC.
181	GSM-500-61-W-331C	$967,873.84	891220	CONTINENTAL GRAIN CO.
182	GSM-500-61-W-332C	$759,859.92	891220	CARGILL INC.
183	GSM-500-60-W-42C	$901,364.83	891221	UNION EQUITY COOP.
184	GSM-500-60-W-43C	$901,364.83	891221	UNION EQUITY COOP.
185	GSM-505-104-2C	$490,523.50	891222	CARGILL INC.
186	GSM-500-60-W-44C	$885,197.12	891222	EURO-MAGHRIB, INC.
187	GSM-500-60-W-45C	$904,155.65	891222	CONTINENTAL GRAIN CO.
188	GSM-504-35-B-21C	$314,381.66	891228	GARNAC GRAIN CO., INC.
189	GSM-504-30-B-32C	$386,860.25	891228	CAM USA, INC.
190	GSM-500-14-W-33C	$162,398.32	891228	CONTINENTAL GRAIN CO.
191	GSM-500-14-W-34C	$105,596.24	891228	CONTINENTAL GRAIN CO.
192	GSM-512-50-W-68C	$3,305,891.96	891229	PEAVEY COMPANY
193	GSM-502-78-SFO-20C	$252,316.47	900102	CARGILL INC.
194	GSM-512-50-W-69C*	$281,102.31	900105	PEAVEY COMPANY
194	GSM-512-50-W-69C*	$281,102.31	900105	PEAVEY COMPANY
195	GSM-500-14-W-35C	$173,559.07	900105	CONTINENTAL GRAIN CO.
196	GSM-504-35-B-22C	$372,948.35	900108	TOEPFER INTERNATIONAL
197	GSM-500-1-W-262C	$458,398.87	900108	CAM USA, INC.
198	GSM-500-61-W-333C	$753,280.70	900108	PEAVEY COMPANY
199	GSM-500-61-W-334C	$603,413.88	900108	TRADIGRAIN, INC.
200	GSM-500-61-W-335C	$613,501.20	900108	BUNGE CORP.
201	GSM-500-61-W-336C	$691,842.39	900108	BUNGE CORP.
202	GSM-500-61-W-337C	$769,780.72	900108	CARGILL INC.
203	GSM-500-61-W-338C	$474,015.66	900108	PEAVEY COMPANY
204	GSM-500-61-W-339C	$725,859.94	900108	J. ARON AND COMPANY
205	GSM-500-67-W-367C	$961,443.39	900109	TOEPFER INTERNATIONAL
206	GSM-500-67-W-368C	$579,815.59	900109	HARVEST STATES COOP.
207	GSM-500-67-W-369C	$993,917.09	900109	HARVEST STATES COOP.
208	GSM-500-67-W-370C	$997,086.43	900109	TOEPFER INTERNATIONAL
209	GSM-500-67-W-371C	$498,795.86	900109	CARGILL INC.
210	GSM-500-67-W-372C	$1,024,955.29	900109	UNION EQUITY COOP.
211	GSM-500-67-W-373C	$1,052,755.71	900109	LOUIS DREYFUS CORP.

SOURCE: R.P.& R. BR., CCC/OD, FAS

FY 1990 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 90 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
212	GSM-500-67-W-374C	$1,057,165.16	900109	BUNGE CORP.
213	GSM-500-67-W-375C	$532,716.44	900109	CONTINENTAL GRAIN CO.
214	GSM-500-67-W-376C	$1,068,923.69	900109	FERRUZZI U.S.A., INC.
215	GSM-500-67-W-377C	$536,452.66	900109	MITSUBISHI INT'L.
216	GSM-500-67-W-378C	$538,289.78	900109	J. ARON AND COMPANY
217	GSM-504-52-B-13C	$372,391.72	900111	CAM USA, INC.
218	GSM-500-67-W-379C	$1,008,661.23	900112	COPROSTATES, INC.
219	GSM-500-67-W-380C	$1,008,578.39	900112	CONTINENTAL GRAIN CO.
220	GSM-500-67-W-381C	$1,012,216.18	900112	CONTINENTAL GRAIN CO.
221	GSM-500-67-W-382C	$613,987.39	900112	CARGILL INC.
222	GSM-500-67-W-383C	$508,836.72	900112	CONTINENTAL GRAIN CO.
223	GSM-500-67-W-384C	$508,836.72	900112	CONTINENTAL GRAIN CO.
224	GSM-500-67-W-385C	$617,294.16	900112	HARVEST STATES COOP.
225	GSM-500-67-W-386C	$514,435.70	900112	GRANPLEX, INC.
226	GSM-500-67-W-387C	$518,081.00	900112	MITSUBISHI INT'L.
227	GSM-500-67-W-388C	$518,022.15	900112	CONTINENTAL GRAIN CO.
228	GSM-500-67-W-389C	$1,049,022.16	900112	CENTRAL STATES ENT.
229	GSM-500-67-W-390C	$524,540.59	900112	LOUIS DREYFUS CORP.
230	GSM-500-67-W-391C	$1,049,319.64	900112	TRADIGRAIN, INC.
231	GSM-500-67-W-392C	$522,478.45	900112	CONTINENTAL GRAIN CO.
232	GSM-500-67-W-393C	$316,914.41	900112	HARVEST STATES COOP.
233	HSM-504-52-B-14C	$319,225.73	900112	CARGILL INC.
234	GSM-500-86-W-81C	$229,108.33	900117	CONTINENTAL GRAIN CO.
235	GSM-500-86-W-82C	$233,259.80	900117	BUNGE CORP.
236	GSM-500-86-W-83C	$235,170.56	900117	LOUIS DREYFUS CORP.
237	GSM-500-86-W-84C	$243,254.61	900117	CARGILL INC.
238	GSM-500-86-W-85C	$124,934.36	900117	LOUIS DREYFUS CORP.
239	GSM-500-86-W-86C	$439,842.56	900117	CARGILL INC.
240	GSM-500-86-W-87C	$207,905.47	900117	GARNAC GRAIN CO., INC.
241	GSM-500-86-W-88C	$215,254.55	900117	GARNAC GRAIN CO., INC.
242	GSM-500-86-W-89C	$217,302.04	900117	UNION EQUITY COOP.
243	GSM-500-67-W-394C	$4,556,172.92	900117	J. ARON AND COMPANY
244	GSM-500-67-W-395C	$951,705.86	900117	LOUIS DREYFUS CORP.
245	GSM-500-67-W-396C	$951,705.86	900117	LOUIS DREYFUS CORP.
246	GSM-500-67-W-397C	$482,261.19	900117	CARGILL INC.
247	GSM-500-67-W-398C	$1,929,044.25	900117	HARVEST STATES COOP.
248	GSM-500-67-W-399C	$964,566.75	900117	LOUIS DREYFUS CORP.
249	GSM-504-36-B-4C	$499,029.45	900118	CONTINENTAL GRAIN CO.
250	GSM-500-67-W-400C	$823,442.90	900119	TOEPFER INTERNATIONAL
251	GSM-500-67-W-401C	$823,442.90	900119	TOEPFER INTERNATIONAL
252	GSM-500-67-W-402C	$823,442.90	900119	TOEPFER INTERNATIONAL
253	GSM-500-67-W-403C	$439,354.81	900119	CONTINENTAL GRAIN CO.
254	GSM-500-67-W-404C	$439,354.81	900119	CONTINENTAL GRAIN CO.
255	GSM-500-67-W-405C	$439,354.81	900119	CONTINENTAL GRAIN CO.
256	GSM-500-67-W-406C	$439,354.81	900119	CONTINENTAL GRAIN CO.
257	GSM-500-67-W-407C	$898,608.76	900119	J. ARON AND COMPANY
258	GSM-500-67-W-408C	$448,449.30	900119	CONTINENTAL GRAIN CO.
259	GSM-500-67-W-409C	$448,449.30	900119	CONTINENTAL GRAIN CO.
260	GSM-[illegible]00-67-W-410C	$907,569.39	900119	HARVEST STATES COOP.
261	GSM-500-67-W-411C	$916,797.73	900119	J. ARON AND COMPANY
262	GSM-500-67-W-412C	$918,635.00	900119	LOUIS DREYFUS CORP.
263	GSM-506-74-E-17C	$8,599.50	900119	NATIONAL FOOD CORP.
264	GSM-500-19-W-18C	$697,427.82	900123	UNION EQUITY COOP.
265	GSM-500-19-W-19C	$636,246.72	900123	UNION EQUITY COOP.
266	GSM-506-39-E-177C	$5,850.00	900124	NATIONAL FOOD CORP.
267	GSM-500-15-W-87C	$174,255.26	900124	NISSHO IWAI AMERICAN
268	GSM-500-15-W-88C	$172,904.36	900124	CONTINENTAL GRAIN CO.
269	GSM-505-100-WF-9C	$147,888.98	900126	ADM MILLING COMPANY
270	GSM-506-39-E-178C	$5,850.00	900126	NATIONAL FOOD CORP.
271	GSM-506-74-E-18C	$7,408.80	900126	NATIONAL FOOD CORP.
272	GSM-506-74-E-19C	$7,408.80	900126	NATIONAL FOOD CORP.
273	GSM-512-50-W-70C	$112,440.72	900129	PEAVEY COMPANY
274	GSM-506-74-E-20C	$7,408.80	900130	NATIONAL FOOD CORP.
275	GSM-506-74-E-21C	$7,408.80	900130	NATIONAL FOOD CORP.
276	GSM-506-74-E-22C	$7,408.80	900131	NATIONAL FOOD CORP.
277	GSM-506-74-E-23C	$7,408.80	900131	NATIONAL FOOD CORP.
278	GSM-512-50-W-71C	$27,007.82	900131	PEAVEY COMPANY
279	GSM-506-39-E-179C	$6,450.75	900201	NATIONAL FOOD CORP.
280	GSM-506-74-E-24C	$31,152.00	900202	DECOSTER EGG FARMS
281	GSM-506-74-E-25C	$29,568.00	900202	DECOSTER EGG FARMS
282	GSM-500-61-W-340C	$395,981.95	900205	CONTINENTAL GRAIN CO.

SOURCE: R.P.& R. BR., CCC/OD, FAS

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FY 1990 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 90 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
283	GSM-500-61-W-341C	$478,006.34	900205	CONTINENTAL GRAIN CO.
284	GSM-500-61-W-342C	$484,460.79	900205	J.ARON AND COMPANY
285	GSM-500-61-W-343C	$432,125.90	900205	LOUIS DREYFUS CORP.
286	GSM-500-61-W-344C	$339,527.50	900205	LOUIS DREYFUS CORP.
287	GSM-500-61-W-345C	$472,156.67	900205	CARGILL INC.
288	GSM-500-61-W-346C	$472,156.67	900205	CARGILL INC.
289	GSM-500-18-W-44C	$370,210.01	900207	CARGILL INC.
290	GSM-500-18-W-45C	$417,978.93	900207	CAM USA, INC.
291	GSM-500-18-W-46C	$259,973.78	900207	CARGILL INC.
292	GSM-500-18-W-47C	$195,669.31	900207	CARGILL INC.
293	GSM-506-39-E-180C	$12,901.50	900207	NATIONAL FOOD CORP.
294	GSM-506-39-E-181C	$18,225.00	900208	NATIONAL FOOD CORP.
295	GSM-506-39-E-182C	$64,125.00	900212	DECOSTER EGG FARMS
296	GSM-506-39-E-183C	$63,000.00	900212	DECOSTER EGG FARMS
297	GSM-500-1-W-263C	$449,212.52	900212	CAM USA, INC.
298	GSM-506-39-E-184C	$5,850.00	900215	NATIONAL FOOD CORP.
299	GSM-506-39-E-185C	$9,450.00	900215	NATIONAL FOOD CORP.
300	GSM-500-70-W-20C	$339,783.33	900215	ALLIANCE GRAIN, INC.
301	GSM-500-70-W-21C	$396,720.00	900215	ALLIANCE GRAIN, INC.
302	GSM-500-70-W-22C	$324,094.43	900215	LOUIS DREYFUS CORP.
303	GSM-506-39-E-186C	$16,415.00	900216	DECOSTER EGG FARMS
304	GSM-506-39-E-187C	$11,025.00	900216	DECOSTER EGG FARMS
305	GSM-506-39-E-188C	$5,850.00	900216	NATIONAL FOOD CORP.
306	GSM-506-39-E-189C	$5,850.00	900216	NATIONAL FOOD CORP.
307	GSM-506-39-E-190C	$5,850.00	900216	NATIONAL FOOD CORP.
308	GSM-507-45-B-1C	$62,247.36	900220	FROEDTERT MALT CORP.
309	GSM-500-70-W-23C	$349,980.25	900221	ALLIANCE GRAIN, INC.
310	GSM-500-32-W-16C	$587,926.40	900226	LOUIS DREYFUS CORP.
311	GSM-500-32-W-17C	$518,110.14	900226	LOUIS DREYFUS CORP.
312	GSM-506-39-E-191C	$10,575.00	900226	NATIONAL FOOD CORP.
313	GSM-506-39-E-192C	$5,287.50	900227	NATIONAL FOOD CORP.
314	GSM-500-6-W-184C	$979,803.26	900227	CONTINENTAL GRAIN CO.
315	GSM-500-6-W-185C	$954,149.82	900227	TRADIGRAIN, INC.
316	GSM-500-6-W-186C	$648,482.82	900227	BUNGE CORP.
317	GSM-500-6-W-187C	$963,214.92	900227	CONTINENTAL GRAIN CO.
318	GSM-502-76-SBO-20C	$575,400.60	900228	CONTINENTAL GRAIN CO.
319	GSM-500-61-W-347C	$182,908.25	900228	CONTINENTAL GRAIN CO.
320	GSM-500-61-W-348C	$260,145.47	900228	CARGILL INC.
321	GSM-500-61-W-349C	$279,173.33	900228	CENTRAL STATES ENT.
322	GSM-500-61-W-350C	$387,646.14	900228	CARGILL INC.
323	GSM-500-1-W-264C	$312,189.00	900301	CARGILL INC.
324	GSM-500-1-W-265C	$345,921.29	900301	CARGILL INC.
325	GSM-500-61-W-351C	$232,144.38	900302	MITSUBISHI INT'L CORP.
326	GSM-500-61-W-352C	$246,377.95	900302	GRANPLEX, INC.
327	GSM-500-61-W-353C	$305,704.59	900302	BUNGE CORP.
328	GSM-504-30-B-33C	$235,620.90	900302	CONTINENTAL GRAIN CO.
329	GSM-504-30-B-34C	$253,818.91	900302	CARGILL INC.
330	GSM-500-1-W-266C	$358,766.56	900302	CONTINENTAL GRAIN CO.
331	GSM-504-30-B-35C	$273,293.97	900305	CAM USA, INC.
332	GSM-506-39-E-193C	$11,520.00	900306	MCCALL SANDERS MKT.
333	GSM0508-81-FP-20C	$833,879.25	900306	FAST FOOD MERCH.
		$143,176,190.19		

SOURCE: R.P.& R. BR., CCC/OD, FAS

AUTHORIZATION FOR EEP

Mr. **Whitten**. In fiscal years 1990 and 1991 do you anticipate that the EEP program will be carried out under specific authorization or will it be carried out under the Charter of the Commodity Credit Corporation?

Mr. **Anderson**. At the present time, the EEP is being carried out under the Commodity Credit Corporation Charter Act. The Department's recommendations, as outlined in our Farm Bill proposals, would extend the provisions of the Food Security Act of 1985 with respect to the operation of the program without specified program limits and commodity coverage.

Mr. **Whitten**. In fiscal year 1989 the approved level for the EEP program was $770 million, yet the amount obligated was $338 million. What were the factors that contributed to this program being carried out at approximately one-half the approved level?

Mr. **Anderson**. During the summer months, June through August, in 1989, U.S. wheat was relatively price competitive without the use of EEP. This was due in large part to the fact that the new U.S. wheat crop was available at seasonal-low price levels whereas the EC was still selling only small quantities of old crop at seasonal-high levels. Other factors strengthening world prices were the drought situation in the U.S. and other wheat producing countries such as Canada and the strong demand for wheat by the Soviet Union and China. All these factors combined to allow the U.S. to sell over 6 million metric tons of wheat to EEP eligible countries without subsidies. Furthermore, even in April and May, bonus levels had dropped considerably reflecting relatively strong EC prices and a decline in U.S. old crop values as the new crop approached.

TARGETED EXPORT ASSISTANCE PROGRAM (TEA)

Mr. **Whitten**. For fiscal year 1990 Congress provided $200 million for the TEA program. How much of the $200 million has been committed to date?

Mr. **Anderson**. The full $200 million of TEA resources provided for fiscal year 1990 has been allocated to organizations which applied to participate in the program during the application period from May 3, 1989 to June 16, 1989.

Mr. **Whitten**. Please provide a listing for the record of each organization that has received TEA funds to date during fiscal year 1990 and the amount of funds provided, by organization.

[The information follows:]

Organization:	*Fiscal Year 1990 TEA allocation*
Alaska Seafood Marketing Institute	$4,500,000
American Plywood Association	6,500,000
American Sheep Producers Association	148,000
American Soybean Association	11,500,000
California Cling Peach Advisory Board	3,500,000
California Kiwifruit Commission	99,000
California Pistachio Commission	750,000
California Prune Board	7,500,000
California Raisin Advisory Board	12,500,000
California Strawberry Advisory Board	500,000
California Table Grape Commission	2,300,000

California Tree Fruit Agreement	500,000
California Walnut Commission	8,000,000
Cherry Marketing Institute of Michigan	400,000
Chocolate Manufacturers Assoc. of America	900,000
Concord Grape Association	700,000
Cotton Council International	15,400,000
Eastern U.S. Agricultural & Food Export Council	2,950,000
Florida Department of Citrus	9,900,000
Hop Growers of America	50,000
Kentucky Distillers Association	2,000,000
Mid-America International Agri-Trade Council	2,700,000
National Association of Animal Breeders	402,000
National Association of State Departments of Agriculture	750,000
National Forest Products Association	7,400,000
National Honey Board	1,000,000
National Peanut Council	4,500,000
National Potato Promotion Board	4,800,000
National Sunflower Association	4,000,000
Northwest Horticultural Council (Pears)	900,000
Northwest Horticultural Council (Apples)	3,800,000
Northwest Horticultural Council (Cherries)	1,000,000
U.S. Wheat Associates Inc	5,200,000
Rice Council for Market Development	8,500,000
Southern U.S. Trade Association	2,700,000
Texas Produce Export Association	150,000
Tobacco Associates	5,000,000
U.S. Feed Grains Council	6,000,000
U.S. Meat Export Federation	9,000,000
U.S. Mink Export Development Council	1,500,000
USA Poultry and Egg Export Council	6,000,000
Western U.S. Agricultural Trade Assoc.	5,250,000
Wine Institute	9,000,000
Almond (EIP)	9,000,000
Citrus (EIP)	8,800,000
Processed Corn (EIP)	1,250,000
Total	200,000,000

FY 1989 TEA ALLOCATIONS

Mr. WHITTEN. Please provide for the record a list of each association or organization that received TEA funds during the fiscal year 1989 and the amount of funds each received.

Mr. ANDERSON. I will provide that information for the record.

[The information follows:]

Organization:	*Fiscal Year 1989 TEA allocation*
Alaska Seafood Marketing Institute	6,000,000
American Plywood Association	5,700,000
American Sheep Producers Association	100,000
American Soybean Association	11,450,000
California Avocado Commission	650,000
California Cling Peach Advisory Board	4,700,000
California Kiwifruit Commission	1,000,000
California Pistachio Commission	500,000
California Prune Board	5,800,000
California Raisin Advisory Board	10,700,000
California Table Grape Commission	1,850,000
California Walnut Commission	7,300,000
Catfish Farmers of America	150,000
Cherry Marketing Institute of Michigan	500,000
Chocolate Manufacturers Assoc. of America	3,000,000
Concord Grape Association	1,500,000
Cotton Council International	15,000,000
Eastern U.S. Agricultural & Food Export Council	2,100,000
Florida Department of Citrus	5,400,000

Leather Industries of America	1,800,000
Mid-America International Agri-Trade Council	1,900,000
National Association of Animal Breeders	400,000
National Association of State Departments of Agriculture	100,000
National Council of Farmer Cooperatives	300,000
National Dry Bean Council	1,000,000
National Forest Products Association	8,150,000
National Honey Board	500,000
National Peanut Council	7,400,000
National Potato Promotion Board	4,700,000
National Sunflower Association	2,400,000
Northwest Horticultural Council (Pears)	800,000
Northwest Horticultural Council (Apples)	2,850,000
Northwest Horticultural Council (Cherries)	800,000
U.S. Wheat Associates Inc	4,900,000
Rice Council for Market Development	5,700,000
Southern U.S. Trade Association	1,900,000
Tobacco Associates	2,750,000
USA Dry Pea & Lentil Council	1,000,000
U.S. Feed Grains Council	4,200,000
U.S. Meat Export Federation	17,000,000
U.S. Mink Export Development Council	2,500,000
USA Poultry and Egg Export Council	8,000,000
Western U.S. Agricultural Trade Assoc.	4,300,000
Wine Institute	7,000,000
Almond (EIP)	11,800,000
Citrus (EIP)	11,200,000
Processed Corn (EIP)	1,250,000
Total	200,000,000

Mr. WHITTEN. Please provide a table for the record which indicates the funding history of both the EEP and TEA programs.

[The information follows:]

PROGRAM LEVEL, EXPORT ENHANCEMENT PROGRAM, TARGETED EXPORT ASSISTANCE

[Dollars in millions]

Fiscal year	EEP	TEA
1985	22.6	0.0
1986	256.3	110.0
1987	924.8	110.0
1988	998.4	110.0
1989	338.3	200.0
1990 (est.)	566.0	200.0
1991 (est.)	900.0	200.0

EXPORT INCENTIVE PROGRAM

Mr. WHITTEN. Please provide for the record a list of the private firms you had contractual relations with for the promotion of brand name food items under the export incentive program during fiscal year 1989.

Mr. ANDERSON. I shall provide the requested information for the record.

[The information follows:]

1989 CONTRACTUAL RELATIONS WITH PRIVATE FIRMS

Cal-Almond, Inc.
California Independent Almond Growers Association.

Cecelia Orchards Packing Corporation.
Del Monte Food, Inc.
Dimare Company.
Dole Fresh Fruit Company.
Dole Nut Company, Inc.
Friday Canning Corporation.
Golden West Nuts, Inc.
Hansa-Pacific Association, Inc.
Mariani Nut Company.
Monarch International.
Nestle, Libby Division.
Nicolaysen Farms.
Norpac Food Sales.
The Nunes Company, Inc.
Ocean Spray Cranberries.
Pandol Brothers, Inc.
The Pillsbury Company.
Riverbend International.
Saulsbury Orchard & Almond Processing, Inc.
Sequoia Enterprises, Inc.
S.M. Warda Company.
Sun-Diamond Growers of California.
Sunkist Growers, Inc.
Sun Pacific Shippers.
Sun World, Inc.
Tri Citrus Company.

Mr. WHITTEN. What agreements have been signed for fiscal year 1990?

Mr. ANDERSON. I will provide that information for the record.

[The information follows:]

1990 SIGNED AGREEMENTS

Almonds (EIP) [1]
American Fine Foods.
Del Monte Foods, Inc.
Dole Fresh Fruit Company.
Faribault Foods, Inc.
International American Supermarkets.
Monarch International.
Norpac Food Sales.
The Pillsbury Company.
Sunkist Growers, Inc.

FOREIGN OWNERSHIP

Mr. WHITTEN. Last year we asked you how many of the companies that participated in the EEP program were American subsidiaries of foreign-owned companies. Last year you told us that you made no attempt to make that determination. Have you made any attempt to make that determination in connection with the 1989 program?

Mr. ANDERSON. We did not attempt to make such a determination in connection with the 1989 program. As in the previous year, all companies must have a place of business and agent in the United States upon which judicial process can be served.

U.S.S.R. GRAIN PURCHASE

Mr. WHITTEN. What is the current situation with regard to U.S.S.R. purchases of wheat and corn?

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[1] Agreements will be signed beginning in July.

Mr. **Anderson**. The U.S.S.R. has thus far bought 11.0 million metric tons, MMT, of U.S. corn for shipment in the current October-September year. We expect there will be some additional purchases in the weeks ahead. Last year, they took 16.3 MMT of U.S. corn and 4.2 MMT of wheat. Their wheat purchases thus far this year are about 2.8 MMT, and here also we are expecting some additional sales in the months ahead.

Mr. **Whitten**. In view of the turbulence in the Eastern Bloc countries, what is the current situation with respect to the purchase of U.S. commodities?

Mr. **Anderson**. U.S. agricultural exports to the Eastern Bloc countries are forecast to increase to $600 million in fiscal year 1990, up from $422 million in fiscal year 1989. The expected gains are largely attributable to increased commercial purchases by Romania and food assistance promised to several countries within the Bloc. By mid-February 1990, Romania had purchased 230,000 tons of U.S. soybeans. Reportedly, Romanian officials intend to import a total of 300,000 tons of U.S. soybeans in fiscal year 1990.

In addition, Romania suspended its own agricultural exports and is spending hard currency to increase imports in an effort to satisfy domestic demand. Since Romania has traditionally been a net exporter, both the suspension of exports to other countries and the decision to import agricultural products raises short-term U.S. export prospects to the region even further.

Concessional sales in 1990 will be a major form of U.S. exports to the region. Romania has been offered $80 million in food assistance, mainly in feed grains and butter. U.S. commitments to Poland for 1990 amount to $120 million and include corn, pork bellies, vegetable oils, and butter. Hungary has received $25 million in export credit guarantees and Export Enhancement Program authorizations for barley purchases.

PEOPLE'S REPUBLIC OF CHINA

Mr. **Whitten**. Relations with the P.R.C. have been somewhat strained as of late. What is the current situation with regard to purchases by China of U.S. wheat and feed grains?

Mr. **Anderson**. The situation on sales of wheat and feed grains to China continues to be good. They have bought 5.7 MMT of U.S. wheat and they remain our largest overseas wheat market. This year they have also begun to buy U.S. corn. The quantity purchased thus far is 400,000 tons and we hope this business will expand in the years ahead. China is a good example of progress which has been made in this country to achieve a dependable supplier status and to separate such commodity trade from the ups and downs of foreign policy conditions. Despite the strains in overall relations with China, the grain business has been able to continue as usual, and this is important for becoming a dependable supplier. Without this, it is much more difficult to achieve long-term growth in such trade.

Mr. **Whitten**. What is the outlook for the remainder of fiscal year 1990?

Mr. **Anderson**. The outlook for the next few months, through September 1990, is relatively very good. Current prospects indicate an unusually large crop of soft red winter wheat, and this is the main type of wheat which China buys.

Mr. **Whitten**. What is the situation with regard to the import of other food items from the U.S. by the P.R.C.?

Mr. **Anderson**. During the past five years, the value of U.S. livestock and poultry products directly exported to the P.R.C. fell sharply from $35 million in 1985 to $20 million in 1987 and finally $17 million in 1989. The P.R.C.'s lack of foreign exchange coupled with the problem of a stagnating economy continue to play a major role in limiting U.S. sales of these products.

During the past three years, the major U.S. livestock and poultry products imported directly by the P.R.C. were hides and skins, live poultry, sausage casings, feathers and down, and live cattle and swine. Some U.S. livestock products, such as poultry meat valued at $3 million to $6 million are shipped to the P.R.C. through Hong Kong.

The P.R.C. imports only those products which it cannot produce enough of to meet domestic demand, higher quality products which it cannot produce itself, and products which it can afford to import at any given time. In past years, the P.R.C. has shown particular interest in U.S. breeding dairy cattle, swine, and poultry in order to upgrade its livestock herds and poultry flocks.

I will provide for the record a table of these exports for the past three years.

[The information follows:]

U.S. EXPORTS TO THE P.R.C.

	1987	1988	1989
Hides and skins	$11,274,000	$7,018,000	$7,378,000
Live poultry	2,841,000	6,655,000	4,089,000
Sausage casings	1,757,000	4,186,000	2,622,000
Feathers and down	670,000	2,518,000	1,050,000
Live cattle and swine	1,026,000	487,000	

FOOD SHOWS

Mr. **Whitten**. What international or national food shows were sponsored by FAS during fiscal year 1989 and what are your plans for fiscal year 1990? Please indicate the location, the purpose, and the date of the show.

Mr. **Anderson**. FAS sponsored U.S. participation at fifteen major food shows in fiscal year 1989 and currently plans to sponsor the same number of shows in fiscal year 1990. I will provide for the record a table that shows the date, location and purpose of each show during fiscal years 1989 and 1990.

[The information follows:]

SUMMARY OF FAS SPONSORED TRADE SHOWS

Date	Show	Location	Purpose
FISCAL YEAR 1989:			
Oct. 1988	Aife '88	Melbourne	International Food Show.

SUMMARY OF FAS SPONSORED TRADE SHOWS—Continued

Date	Show	Location	Purpose
Oct. 17-21, 1988	Sial	Paris	International Food Show.
Jan. 9-12, 1989	Horecava	Amsterdam	U.S. Agent Show.
Jan. 29-Feb. 2, 1989	IFE	London	International Food Show.
Feb. 11-17, 1989	Rimini	Italy	National Food Show.
Feb. 25-Mar. 1, 1989	Saudi Food	Saudi Arabia	International Food Show.
Mar. 7-11, 1989	Foodex	Japan	International Food Show.
Mar. 12-19, 1989	Verona	Italy	U.S. Agent Show.
May 24-27, 1989	Hofex	Hong Kong	International Food Show.
Sept. 3-6, 1989	Fine Food	Sydney	International Food Show.
Sept. 6-8, 1989	Korea Solo	Seoul	U.S. Solo Food Show.
Sept. 14-16, 1989	Taiwan Solo	Taipei	U.S. Solo Food Show.
July 5-6, 1989	Takamatasu	Takamatasu	U.S. Agent Show.
Sept. 6-7, 1989	Kanazawa	Kanazawa	U.S. Agent Show.
Sept. 27-28, 1989	Fukuoka	Fukuoka	U.S. Agent Show.
FISCAL YEAR 1990			
Oct. 14-19, 1989	Anuga	W. Germany	International Food Show.
Jan. 8-11, 1990	Horecava	Netherlands	U.S. Agent Show.
Feb. 10-13, 1990	Mefex	Bahrain	International Food Show.
Mar. 3-8, 1990	Alimentaria	Barcelona	International Food Show.
Mar. 11-18, 1990	Verona	Italy	U.S. Agent Show.
Mar. 13-17, 1990	Foodex	Tokyo	International Food Show.
Mar. 21-23, 1990	HK Solo	Hong Kong	U.S. Solo Food Show.
Apr. 3-6, 1990	Food & Hotel	Singapore	International Food Show.
Apr. 22-28, 1990	IFEX	Dublin	International Food Show.
May 6-10, 1990	Cibus	Parma, Italy	International Food Show.
May 13-17, 1990	Roka	Netherlands	International Food Show.
Sept. 11-14, 1990	Aife	Melbourne	International Food Show.
June 1990	Hiroshima	Hiroshima	U.S. Agent Show.
July 1990	Osaka	Osaka	U.S. Agent Show.
Sept. 1990	Kumamoto	Kumamoto	U.S. Agent Show.

Mr. WHITTEN. What are the two or three largest food shows that are held each year in the world and would you please describe exactly what role FAS plays in these food shows?

Mr. ANDERSON. The three largest food shows worldwide are FOODEX in Japan, SIAL in France, and ANUGA in West Germany. While FOODEX is held annually, SIAL and ANUGA are scheduled every other year in order to avoid competing for the same exhibitors, thereby increasing participation at these two European shows. FAS leases space at these shows for U.S. exhibitors, coordinates the design and construction of the U.S. pavilion, actively recruits U.S. companies, organizes the shipment of U.S. food products to be displayed at the show, and evaluates the results based on information provided in individual exhibitor questionnaires.

Mr. WHITTEN. Is there a financial commitment on the part of FAS?

Mr. ANDERSON. FAS obligated approximately $4.3 million for our trade show program during fiscal year 1989 and collected nearly $1.3 million in participation fees. Thus, the net cost of our trade show program was $3.0 million.

Mr. WHITTEN. When FAS participates in an international food show by sponsoring a national pavilion, what does that mean? What would be the cost of the pavilion, how many people would be used to operate it, and what kind of arrangements might you have with other sponsors to participate in the pavilion? Please give the Committee some examples.

Mr. **Anderson**. FAS rents a space in the exhibition hall and builds a pavilion on it, recruits exhibitors, ensures that their samples arrive and manages the pavilion. This process starts about a year in advance of the show. Usually one person in Washington and one person in the foreign post manage the U.S. exhibition. Costs of the pavilion vary by size, however, all companies participating in the exhibition help to sponsor it. In our largest exhibition we recovered approximately 45 percent of the direct cost of the U.S. exhibition. In some of the smaller exhibitions the rate of recovery was much higher. I will provide for the record a table showing the actual cost by cost category of our ANUGA show for fiscal year 1989.

[The information follows:]

ANUGA food show

Category:	Cost
Personnel services	$7,167
Transportation of things	35,598
Rents and utilities	218,549
Postage	1,400
Printing	6
Designs, fees and construction	750,120
Market promotion	9,308
Supplies and miscellaneous	54,805
Subtotal	1,076,993
Participation fees	−485,489
Total	591,504

Mr. **Whitten**. When is the next scheduled ANUGA Show?

Mr. **Anderson**. The next ANUGA Show will happen in October, 1991.

DIPLOMATIC RANK OF MINISTER COUNSELOR

Mr. **Whitten**. Three years ago the Appropriations Bill for the Department of Agriculture gave the Foreign Agricultural Service authority to promote eight of the Counselors to the rank of Minister Counselor. Last year, I believe only four Minister Counselors had been designated. How many Posts have now been designated as Minister Counselor and what are their locations?

Mr. **Anderson**. Since the Foreign Agriculture Service was authorized three years ago to promote eight Counselors to the rank of Minister Counselor, we now have all eight of these positions filled. These posts include Ottawa, Brussels—USEC, London, Tokyo, Seoul, Mexico City, Moscow and Geneva.

Mr. **Whitten**. Last year at this time, you were not able to give us any specific advantages that have been gained from upgrading Posts to the diplomatic rank of Minister. Are there any specific instances that can be cited at this time?

Mr. **Anderson**. Upgrading our top eight posts to the rank of Minister Counselor has significantly improved our diplomatic ranking in those Embassies where we have the titles, and this has put our USDA/FAS programs on a par with those of other top ranking section heads. This rank, along with direct access to the Ambassador, has clearly improved our negotiating position on all major trade and policy issues affecting U.S. agriculture. This is especially important in rank conscious countries where we have a high trade volume like the Soviet Union and Japan. In the case of Geneva, the rank of Minister Counselor for our designated officer sends a clear message about the importance of U.S. agriculture attachés to the outcome of the Uruguay Round of the GATT negotiations.

Mr. WHITTEN. Would you also provide for the record the number of Posts that are assigned the position of Counselor? During the past year has there been any change in the number of Posts assigned the position of Counselor or change in the Post, itself?

Mr. ANDERSON. We currently have 23 posts which are filled or authorized to be filled by personnel who carry the title of Counselor. This is in addition to the eight officers at Minister Counselor posts. There has been no change in the number of posts assigned the position of Counselor or changes in the posts themselves except for the four posts which were upgraded in the last 12 months to Minister-Counselor positions. These four posts are Mexico City, Seoul, Geneva and Moscow.

U.N. FOOD AND AGRICULTURE ORGANIZATION

Mr. WHITTEN. FAS has a staff assigned to work with the FAO in Rome. Would you please describe how this staff relates with FAO?

Mr. ANDERSON. The staff provides U.S. access and allows for direct policy input into FAO through the U.S. Mission to the U.N. Food Agencies in Rome—FODAG. In addition to FAO, the staff works with the World Food Program, the International Fund for Agricultural Development and the World Food Council. The staff also works closely with other USDA agencies such as ERS, FSIS, and the Forest Service in representing their interests in activities of the Rome food agencies. Strong ties with FAO are important for a number of reasons including critical work in support of the effort in the Uruguay Round of the GATT to harmonize sanitary and phytosanitary standards. The staff receives program support in Washington from FAO and the Office of International Cooperation and Development.,

Mr. WHITTEN. Does the U.S. have an Ambassador to the FAO and if so how large a staff does the Ambassador have?

Mr. ANDERSON. The U.S. Mission to FODAG has a Chief of Mission—COM, but he does not carry the title of Ambassador. The staff includes two representatives from the Department of State including the COM, two from the Agency for International Development and one from USDA, FAS.

Mr. WHITTEN. Are the FAO employees physically located with the U.S. Mission to FAO or are they separately located?

Mr. ANDERSON. The FODAG Mission is located separately from FAO and shares a building with the American Embassy to The Holy See.

URUGUAY ROUND UNDER GATT

Mr. WHITTEN. During 1990 the Uruguay Round of GATT will be concluded. Would you please describe for the record the meetings that are scheduled to be held between now and the conclusion of the Uruguay Round, where those meetings will be held, and the agenda of those meetings?

Mr. ANDERSON. The next scheduled meeting of the Negotiating Group on Agriculture will take place the week of April 2 in Geneva. We expect that the group will continue to meet on a near monthly basis until December 1990 when Trade Ministers from all participating countries are scheduled to meet in Brussels in what is expected to be the conclusion of the Uruguay Round. The agenda in April will largely be a discussion of various countries' negotiating positions as articulated in their proposals tabled since the Mid-term Agreement last April. Future agendas will be dictated by the level of progress made in previous meetings. In addition to the main Agriculture Negotiating Group, the Working Group on Santiary and Phytosanitary Regulations and Barriers is scheduled to meet on April 2-3 in Geneva. It is anticipated that this group will also meet monthly through the end of the Round.

AGRICULTURAL TRADE OFFICES

Mr. WHITTEN. Would you please list for the record the location of the 15 Agricultural Trade Offices and indicate the number of FAS employees and Foreign Nationals assigned to each ATO?

Mr. ANDERSON. I will be happy to provide that information for the record.

[The information follows:]

AGRICULTURAL TRADE OFFICES

Location	Americans	Foreign Nationals
Algiers, Algeria	2	2
Manama, Bahrain	1	2
Beijing, PRC	1	0
Guangzhou, PRC	1	0
Hamburg, Germany	1	2
Baghdad, Iraq	1	2
Tokyo, Japan	1	3
Seoul, Korea	1	2
Lagos, Nigeria	1	2
Jeddah, Saudi Arabia	1	2
Singapore	2	2
Tunis, Tunisia	1	2
Istanbul, Turkey	1	2
London, England	1	2
Caracas, Venezuela	1	2
Total	17	27

Mr. WHITTEN. For each of the ATO's, would you please indicate for the record the cooperators that participate or work out of that ATO?

Mr. ANDERSON. We have several resident FAS program participants—Foreign Market Development Cooperators or TEA program participants—which are located within or near each of our agricultural trade offices. In addition, almost all of our program participants, over 95, have at one time or another drawn on the services provided by our agricultural trade offices. I will provide for the record two tables, one identifies the number of resident program participants by agricultural trade office and the second will list all the cooperators by country.

[The information follows:]

Agricultural trade office:	*Number of program participants*
Algiers, Algeria	1
Manama, Bahrain	0
Beijing, China	[1]3
Guangzhou, China	3
Hamburg, Fed. Rep. of Germany	[1]8
Baghdad, Iraq	0
Tokyo, Japan	29
Seoul, South Korea	9
Lagos, Nigeria	1
Jeddah, Saudi Arabia	4
Singapore	13
Tunis, Tunisia	0
Istanbul, Turkey	[1]1
London, United Kingdom	[1]19
Caracas, Venezuela	3

[1] Located in same country, but not all necessarily in same city as ATO.

OVERSEAS OFFICES
OF
U.S. MARKET DEVELOPMENT COOPERATORS
AND
TARGETED EXPORT ASSISTANCE PARTICIPANTS

JANUARY 1990

Foreign Agricultural Service
United States Department of Agriculture
Washington, D.C. 20250-1000

OVERSEAS OFFICES OF U.S. MARKET DEVELOPMENT COOPERATORS AND TARGETED EXPORT ASSISTANCE (TEA) PARTICIPANTS (BY COMMODITY)

(January 1990)
(89 offices in 32 countries)

COTTON

Cotton Council International: 3/
- Hong Kong
- United Kingdom

DAIRY, LIVESTOCK AND POULTRY

National Renderers Association, Inc.: 1/
- Korea
- Hong Kong
- United Kingdom

USA Poultry & Egg Export Council: 3/
- Germany (West)
- Hong Kong
- Japan
- Singapore

U.S. Meat Export Federation: 3/
- Germany (West)
- Hong Kong
- Japan
- Singapore
- Venezuela

FOREST PRODUCTS

American Hardwood Export Council: 3/
- Japan
- United Kingdom

American Plywood Association: 3/
- Belgium
- Dominican Republic
- Germany (West)
- Japan
- Spain
- United Kingdom

Southern Forest Products Association: 3/
- Dominican Republic
- United Kingdom

Western Wood Products Association: 1/
- Japan
- United Kingdom

GRAIN AND FEED

Rice Council for Market Development: 3/
- Ivory Coast
- Switzerland

*USA Dry Pea and Lentil Council, Inc.: 3/
- India
- Japan
- United Kingdom

U.S. Feed Grains Council: 3/
- Algeria
- Austria
- China (People's Republic of)
- Egypt
- Hong Kong
- Japan
- Korea
- Mexico
- Nigeria
- Taiwan
- Turkey
- Venezuela

U.S. Wheat Associates, Inc.: 3/
- Chile
- China, People's Republic of
- Cote d'Ivoire
- Egypt
- Hong Kong
- India
- Korea
- Morocco
- Netherlands
- Panama
- Philippines
- Singapore
- Taiwan

HIGH VALUE PRODUCTS:

Eastern U.S. Agricultural and Food Export Council (EUSAFEC): 3/
- Belgium

HORTICULTURAL AND TROPICAL PRODUCTS

*Blue Diamond Growers: 2/
- Japan

*California Avocado Commission: 2/
- Belgium
- Japan
- Korea
- United Kingdom

*California Kiwifruit Commission: 2/
- Japan
- Taiwan

*California Cling Peach Advisory Board: 2/
- Hong Kong
- Japan
- Saudi Arabia
- Singapore
- Taiwan

*California Prune Board: 2/
- Japan
- Singapore
- Taiwan
- United Kingdom

*California Raisin Advisory Board: 2/
- Belgium
- Japan
- Korea
- Malaysia
- New Zealand
- Saudi Arabia
- Singapore
- Taiwan
- United Kingdom

*California Table Grape Commission: 3/
- Hong Kong
- Japan
- Singapore
- Taiwan
- United Kingdom

*California Tree Fruit Agreement: 3/
- Hong Kong
- Japan
- Singapore
- Taiwan

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*Offices opened independently from and in addition to FAS/Cooperator contractual agreements. FAS funds are not used in any way to support these offices.

1/ Participates in FAS Market Development program only.
2/ Participates in Targeted Export Assistance program only.
3/ Participates in both FAS Market Development and Targeted Export Assistance programs.

OVERSEAS OFFICES (CONTINUED)

HORTICULTURAL AND TROPICAL PRODUCTS (Continued)

*California Walnut Commission: 2/
Australia
Japan
Taiwan
United Kingdom

*Cherry Marketing Institute: 2/
Japan

*Dole Fresh Fruit Company: 2/
Japan

*Florida Department of Citrus: 2/
Belgium
Germany, West
Hong Kong
Japan
Korea
Singapore
Taiwan
United Kingdom

*Mariani of California: 2/
Germany (West)

*Northwest Cherry Growers: 2/
Hong Kong
Japan
Taiwan
United Kingdom

*Oregon-Washington-California Pear Bureau: 2/
Hong Kong
Saudi Arabia
Singapore
Taiwan
United Kingdom

*Papaya Administrative Committee: 1/
Japan

*Sunkist: 2/
Belgium
Hong Kong
Japan
Switzerland
United Kingdom

*U.S. Honey Board: 2/
Germany (West)
Japan
Saudi Arabia

*U.S. Potato Board: 3/
Hong Kong
Japan
Singapore
Taiwan

*Washington Apple Commission: 2/
Hong Kong
Malaysia
Netherlands
Philippines
Saudi Arabia
Singapore
Taiwan
Thailand
United Kingdom

*Wine Institute: 3/
Canada
Germany (West)
Hong Kong
Japan
Korea
Singapore
Taiwan
United Kingdom

OILSEEDS AND PRODUCTS

American Soybean Association: 3/
Austria
Belgium
China (People's Republic of)
Germany (West)
Japan
Korea
Mexico
Singapore
Spain
Taiwan
Venezuela

National Peanut Council of America: 3/
Netherlands
United Kingdom

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*Offices opened independently from and in addition to FAS/Cooperator contractual agreements. FAS funds are not used in any way to support these offices.

1/ Participates in FAS Market Development program only.
2/ Participates in Targeted Export Assistance program only.
3/ Participates in both FAS Market Development and Targeted Export Assistance programs.

OVERSEAS OFFICES OF U.S. MARKET DEVELOPMENT COOPERATORS AND TEA PARTICIPANTS
(33 COOPERATORS/TEA PARTICIPANTS WITH 89 OFFICES IN 32 COUNTRIES)
(January 1990)

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The Home and Overseas lists were prepared by Alicia Smith. The lists reflect confirmation letters received by December 1, 1989. For revisions, please contact Alicia Smith on (202) 382-9179 or send information to:

Foreign Agricultural Service
Marketing Programs Division
Room 4932-S
Washington, D.C. 20250-1000

Mr. **Whitten**. Do you anticipate opening any additional Trade Offices during fiscal year 1990 or fiscal year 1991?

Mr. **Anderson**. In light of the rapid growth in U.S. agricultural exports to the Pacific Rim, and recent events in Eastern Europe and the Union of Soviet Socialist Republics, the FAS does have an interest in expanding the number of Agricultural Trade Offices in the near future. However, given our current budget, it would be difficult for FAS to open any new offices without closing several of our existing ones. Over the past few years, FAS has taken steps to add additional personnel to the Pacific Rim to better serve U.S. exporters and to facilitate our market expansion efforts. FAS continues to take a hard look at shifting the allocation of existing staff and budget resources to meet the trade servicing needs of regions offering increased market opportunities.

COOPERATOR PROGRAM

Mr. **Whitten**. Would you please list for the record each of the cooperators and the amount they will receive and their contribution for fiscal years 1989 and 1990?

Mr. **Anderson**. I will be pleased to provide that information for the record.

[The information follows:]

FAS BUDGET
U.S. AND THIRD PARTY CONTRIBUTION REPORT BY COOPERATOR
FISCAL YEAR 1989 ($1,000)

Cooperator	FAS Contribution	Cooperator Contribution 1/
Cotton Council International	1,500	2,455
Tobacco	149	330
American Seed Trade Association	236	318
American Soybean Association	7,089	12,603
National Peanut Council	462	427
National Sunflower Association	301	231
National Cottonseed Products Assn.	164	182
Papaya Administrative Committee	63	273
Western Grower Association	9	0
American Horticultural Mktg. Council	120	213
California Tree Fruit Agreement	246	244
U.S. Wheat Associates, Inc.	6,468	10,291
Millers National Federation	21	27
National Dry Bean Council	105	42
Protein Grain Products International	44	27
Rice Council for Market Development	1,837	525
USA Dry Pea and Lentil Council, Inc.	177	118
U.S. Feed Grains Council	5,417	8,300
National Hay Association, Inc.	55	81
National Renders Association	1,044	1,039
Leather Industries of America, Inc.	230	645
Mohair Council of America	21	31
American Quarter Horse Association	23	82
National Association of Animal Breeders	55	97
U.S. Meat Export Federation	1,756	1,858
National Association of Swine Records	55	130
Appaloosa Horse Club, Inc.	15	25
U.S. Beef Breed Council	116	176
Livestock Exporters Association	19	1
Poultry & Egg Institute America	1,466	2,525
American Sheep PCI	169	158
U.S. Hides, Skin & Leather Association	38	28
American Embryo Transfer Association	15	25
EUSAFEC	70	22
MIATCO	98	24
SUSATA	102	168
WUSATA	98	254
NASDA	241	102
National Forest Products Association	2,731	4,090
TOTAL COOPERATOR PROJECTS	$32,825	$48,167

1/ Estimate includes Cooperator cash, U.S. industry and foreign third party cash and in-kind contributions reported to date.

FAS BUDGET AND PROJECTED
U.S. AND THIRD PARTY COOPERATOR CONTRIBUTION
FISCAL YEAR 1990 ($1,000)

Cooperator	FAS Contribution	Cooperator Contribution 1/
Cotton Council International	$ 2,000	$ 4,580
Tobacco	149	881
American Seed Trade Association	236	351
American Soybean Association	6,993	12,448
National Peanut Council	473	568
National Sunflower Association	271	233
National Cottonseed Products Assn.	140	142
American Horticultural Mktg. Council	178	299
U.S. Wheat Associates, Inc.	6,428	12,341
Millers National Federation	13	35
National Dry Bean Council	84	39
Protein Grain Products International	54	81
Rice Council for Market Development	1,921	614
USA Dry Pea and Lentil Council, Inc.	177	377
U.S. Feed Grains Council	5,440	9,355
National Hay Association, Inc.	61	115
National Renders Association	1,037	1,203
Leather Industries of America, Inc.	126	738
Mohair Council of America	21	32
American Quarter Horse Association	25	103
American Sheep PCI	141	1,713
National Association of Animal Breeders	55	190
U.S. Meat Export Federation	1,644	2,285
National Association of Swine Records	83	177
Appaloosa Horse Club, Inc.	10	28
U.S. Beef Breed Council	117	278
Livestock Exporters Association	29	15
Poultry & Egg Institute America	1,277	2,707
U.S. Hides, Skin & Leather Association	51	28
American Embryo Trans.	26	25
EUSAFEC	88	22
MIATCO	99	27
SUSTA	114	195
WUSATA	140	444
NASDA	385	146
National Forest Products Association	2,841	5,936
TOTAL COOPERATOR PROJECTS	$32,927	$58,751

1/ Estimate includes Cooperator cash, U.S. industry and foreign third-party cash and in-kind contributions reported to date with the above based on prior year contribution ratios.

Mr. **Whitten**. What was the unliquidated balances for the cooperator program as of the end of fiscal year 1989?

Mr. **Anderson**. As of September 30, 1989, the unliquidated balance totaled $50.8 million.

Mr. **Whitten**. Would you please provide for the record a table showing unliquidated balances for the cooperator program for the past ten years?

Mr. **Anderson**. I will provide that information for the record.

[The information follows:]

Cooperator Program Unliquidated Balances

Fiscal year:	*Amount (millions)*
1980	$27.9
1981	29.6
1982	34.7
1983	44.5
1984	50.6
1985	55.5
1986	45.4
1987	48.7
1988	46.7
1989	50.8

AGRICULTURAL TRADE AND DEVELOPMENT MISSIONS

Mr. **Whitten**. What Missions have been held up to this point, and what were the dates?

Mr. **Anderson**. I will provide for the record a table listing the Agricultural Trade and Development Missions which have been fielded to date.

[The information follows:]

Hong Kong/Philippines, May 16–20, 1988;
Singapore/Indonesia, May 23–27, 1988;
Mexico, September 26–30, 1988;
Algeria/Tunisia, January 20–28, 1989;
Kenya/Cote d'Ivoire, March 6–15, 1989;
Egypt/North Yemen, June 10–23, 1989; and
Jamaica/Ecuador, September 5–14, 1989.

Mr. **Whitten**. What follow-up Missions have been held, and what were the dates?

Mr. **Anderson**. Only two follow-up Missions have been held thus far, to Southeast Asia—Hong Kong, Philippines, Singapore and Indonesia—September 19–30, 1989, and to Mexico, January 28–30, 1990. Other follow-up Missions are planned to Algeria/Tunisia, Kenya/Cote d'Ivoire, and Egypt/North Yemen, depending upon remaining available funds.

Mr. **Whitten**. With the $200,000 available for fiscal year 1990, will that be adequate to complete all Missions and all follow-ups?

Mr. **Anderson**. The $200,000 allocated for this fiscal year will be sufficient to fund the final two Missions—thus completing the original mandate of Agricultural Trade and Development Missions to 16 selected developing countries—and as many as four follow-up Missions in fiscal year 1990.

Mr. **Whitten**. Is the Department making any proposals with regard to future Trade Missions in connection with the 1990 Farm Bill?

Mr. **Anderson**. No. Because the statutory requirement for missions to 16 countries has been satisfied, there are no proposals to include future Trade and Development Missions in the 1990 Farm Bill.

Mr. **Whitten**. When are the final three Missions to be held that will be going to Pakistan, Bangladesh and India?

Mr. **Anderson**. Because of a number of unexpected developments since the missions to South Asia were planned last fall, the mission to Pakistan and Bangladesh was to have traveled March 7 to March 20, but has been postponed indefinitely. We are now reassessing our priorities. The Mission to India is scheduled for March 22 to April 1, 1990.

Mr. **Whitten**. Will the current level of funding for fiscal year 1990 allow a follow-up Mission to Pakistan, Bangladesh and India?

Mr. **Anderson**. No, there are funds sufficient only for supporting small follow-up Missions which follow on to the full Missions that took place during fiscal year 1989. Follow-up Missions are not scheduled until approximately one year after the original Mission visit, in order to allow a meaningful assessment of progress and accomplishments and help sustain the momentum of the original visits.

UNITED STATES TRADE REPRESENTATIVE

Mr. **Whitten**. What role has FAS played during the past 12 months in support of the U.S. Trade Representative? Please be specific in giving the number of staff involved and how they are involved?

Mr. **Anderson**. FAS has provided support to the Office of the U.S. Trade Representative in several ways. First, two FAS employees are detailed to the Office of the Assistant USTR for Agriculture in Washington. Second, a FAS Foreign Service Officer serves on the staff of the USTR Mission in Geneva. In anticipation of the heavy workload associated with the final year of the Uruguay Round negotiations, we are moving at present to add another full-time FAS Foreign Service Officer to the Geneva staff. Finally, within the framework of the interagency trade policy formulation process, virtually all of FAS, and in particular the 66 employees of the International Trade Policy program area, work closely with USTR on a daily basis on the entire array of trade policy issues. This includes providing analytical and technical input on trade policy issues of interest to the Department, as well as regular FAS participation on U.S. delegations to bilateral and multilateral negotiating sessions.

Mr. **Whitten**. What resources will you be using, both in terms of people and money, in support of the U.S. Trade Representative during the remainder of the Uruguay Round?

Mr. **Anderson**. I would anticipate that the two employees detailed to the USTR in Washington and the two assigned to the USTR Mission in Geneva will remain in those positions through the end of the negotiations and perhaps beyond. The approximate personnel costs of this direct support is $275,000. On an indirect basis, virtually all of FAS is involved in some aspect of the multilateral trade negotiations. While it is not possible to accurately capture indirect support costs, it is safe to estimate that it would be substantially above the level of direct support.

SUNFLOWER AND COTTONSEED OIL ASSISTANCE PROGRAM

Mr. **Whitten**. For fiscal year 1989, Congress provided funding for two new export programs for vegetable oils: the sunflower oil assistance program and the cottonseed oil assistance program. What has been done to date under each of these programs?

Mr. **Anderson**. Under the Cottonseed Oil Assistance Program, Egypt has been targeted for 20,000 metric tons of cottonseed oil. The USDA has not approved any bids from U.S. exporters under this program to date. Under the Sunflower Oil Assistance Program, Egypt and Algeria have each been targeted for 20,000 metric tons of sunflowerseed oil. We have approved the sale of 6,000 metric tons of sunflowerseed oil for Algeria, and will purchase the bonus sunflowerseed oil after shipment of the commercial sunflowerseed oil from the United States. I will supply for the record a table showing the programs activities for fiscal years 1989 and 1990.

[The information follows:]

Date of announcement	Total country	Initiative announced	Total sales (MT)	Balance (MT) as of Feb. 5, 1990
Sunflower Oil Assistance Program [SOAP] activity fiscal year 1989 and fiscal year 1990:				
Apr. 28, 1989	Egypt	20,000	0	20,000
Nov. 16, 1989	Algeria	20,000	6,000	14,000
Total available				34,000
Cottonseed Oil Assistance Program [COAP] activity fiscal year 1989 and fiscal year 1990:				
May 1, 1989	Egypt	20,000	0	20,000
Total available				20,000

Mr. **Whitten**. From the standpoint of the mechanics of the programs, what would be the difference between those export programs and the EEP in terms of actual operation? What are the advantages and disadvantages of one over the other?

Mr. **Anderson**. The mechanics and operations of the SOAP and the COAP are different from the EEP in that the bonuses are paid in the form of sunflowerseed or cottonseed oil rather than dollar denominated CCC commodity certificates. The exporter in submitting a SOAP/COAP bonus offer, bids the number of pounds of bonus vegetable oil per metric ton of exported oil needed to make the sale competitive in the world market place. The Section 32 funds appropriated for SOAP/COAP are used by the USDA to purchase the bonsues in a like kind of vegetable oil. Because the bonuses are paid in kind, the exporter also assumes the risk for the market value of the vegetable oil to be received as the bonus, from the time of the offer to USDA until delivery of the bonus oil to the exporter. The exporter must also lease tank space to allow for the delivery of the bonus oil by the USDA. Once the bonus oil is received by the exporter, it can be sold domestically or for export. USDA does not place any restrictions on the use of the bonus oil.

Although the SOAP/COAP bonus payment in-kind is more complicated than the generic commodity certificates used as EEP bonuses, the level of SOAP/COAP activity is not subject to constraints on the level of Commodity Credit Corporation owned inventory. Other than the major differences I just mentioned, the terms and conditions, operational mechanics, criteria for targeting countries, price and bonus review process and agreement between the exporter and USDA for the SOAP/COAP are nearly identical to the EEP.

USER FEES

Mr. WHITTEN. According to page 27-3 of the notes, you anticipate collecting approximately $75,000 in user fees for Attache Reports, $48,000 for AIMS trade leads, and $3,000 for computer time and files. Please describe in more detail these user fees, giving the fee per document or whatever the fee is based on?

Mr. ANDERSON. User fees for these activities are established to recoup the administrative costs of making this information available to the public. Fees for Attache Reports are established on a per-page basis and cover the cost of reproduction and postage. Fees range from $.05 to $.20 per page depending on the domestic or international destination. Fees for AIMS are established on a subscription basis ranging from $15 for Supplier's Listing to $75 for the Weekly Export Briefs. Fees for computer time represent actual computer time used to produce listings plus postage.

LANDSAT DATA

Mr. WHITTEN. According to page 27-2 of the notes you will receive $2,219,000 which includes two staff years from the Agricultural Stabilization and Conservation Service for LANDSAT Data and support of export programs. What specifically does FAS do in connection with this program?

Mr. ANDERSON. The money, which is actually provided to FAS by the Commodity Credit Corporation, is utilized to acquire and analyze LANDSAT data taken over the United States for use by ASCS in determining unusual crop conditions and the geographical extent of such events. In addition, data is acquired for use by FAS in performing continuous crop condition assessments in the USSR, Argentina, and Brazil during the growing season. These assessments are factored into the USDA monthly world crop production estimates which provides USDA with a real time independent evaluation of potential crop production changes. The improved domestic and foreign crop production information is used in broad policy decisions by the Department. The two FAS staff-years, which are financed on a continuing basis, are used to perform crop analysis functions for ASCS.

LANGUAGE TRAINING

Mr. WHITTEN. How much is included in the fiscal years 1990 and 1991 budgets for language training of FAS employees and their families?

Mr. **Anderson**. For fiscal year 1990, our budget includes $405,000 for language training for FAS employees and their families. For fiscal year 1991, we are requesting $421,000 for this activity.

Mr. **Whitten**. During fiscal year 1989 and to date for fiscal year 1990, how many FAS employees and their dependents have been sent to language training?

Mr. **Anderson**. In fiscal year 1989, a total of 177 FAS employees and dependents were sent to language training. As of March 1, 1990, 140 FAS employees and dependents have been sent to language training.

DEPARTMENT OF STATE ADMINISTRATIVE SUPPORT COSTS

Mr. **Whitten**. Last year you requested $3,203,000 for administrative support costs provided by the Department of State. What were your actual costs during fiscal year 1989 and what will you be requesting for fiscal years 1990 and 1991?

Mr. **Anderson**. The actual cost paid to the Department of State for administrative support for fiscal year 1989 was $3,952,397. For fiscal years 1990 and 1991, the amounts requested are $7,457,000 and $8,054,000, respectively. The fiscal year 1990 amount includes an appropriation transfer of $3,203,000 from the Department of State to the Foreign Agricultural Service.

FAS CONFERENCES

Mr. **Whitten**. What Attache Conferences are scheduled during the coming 12 months or are under consideration, and where and when will such conferences likely be held?

Mr. **Anderson**. We are currently considering scheduling our next conference in the Western Hemisphere around the end of the current year, perhaps in October/November. Possible sites include Venezuela, the Dominican Republic and Mexico.

EMPLOYEE RETREATS

Mr. **Whitten**. Has FAS held any employee management retreats during the past 12 months, and if so, where and what was the cost and the purpose of the meeting?

Mr. **Anderson**. FAS held no employee or management retreats during the past 12 months.

STAFF YEARS

Mr. **Whitten**. According to the table on staff years, the number of staff years within the Foreign Agricultural Service will decline from 732 in fiscal year 1989 to 723 during fiscal year 1990. Since Congress provided a significant budget increase for the Foreign Agricultural Service for fiscal year 1990 over fiscal year 1989, why is the number of staff years decreasing?

Mr. **Anderson**. The fiscal year 1990 FAS staff-year ceiling was established within the overall Departmental ceiling provided by OMB. In our case, the increase of 8 staff-years approved for the Office of the General Sales Manager in fiscal year 1990 was absorbed by reductions in the FAS ceiling.

OTHER SERVICES ACCOUNT

Mr. WHITTEN. Please provide a detailed sub-object class breakdown for the "Other Services" account for fiscal years 1989, 1990 and 1991.

Mr. ANDERSON. I will be happy to provide that information for the record.

[The information follows:]

OTHER SERVICES

[In thousands of dollars]

	1989	1990	1991
Contractual services	$1,988	$1,968	$494
NFC services	182	189	189
Arts and graphics	154	160	160
Training	626	805	837
Storage of household goods	123	127	127
Security investigations	164	170	170
Representation	107	110	135
Maintenance and repair of equipment	1,589	3,140	2,677
Design fees and construction	1,097	1,140	1,140
Market promotion	234	243	243
Cooperator projects—market development	31,993	30,697	30,697
Distributed administrative support	3,946	7,457	8,054
ADP services	1,540	1,731	1,731
Medical and dental care	70	72	72
Miscellaneous services	444	451	429
Total	44,260	47,464	47,159

PRINTING AND REPRODUCTION

Mr. WHITTEN. What causes the printing and reproduction account for fiscal year 1990 to be $200,000 higher than for fiscal years 1989 or 1991?

Mr. ANDERSON. We have a number of special projects planned for fiscal year 1990 that are of a non-recurring funding nature. First, as part of our expanding affirmative action objectives, we will be preparing publications and audio-visual materials specifically designed to assist in our minority recruitment program directed primarily at Historically Black Colleges and Universities. Second, we are preparing a variety of materials designed to help American farmers and potential exporters understand FAS programs and ways of entering or expanding participation in the export market. This includes publications and audio-visual materials covering such areas as labeling products for export, understanding P.L. 480, and other areas covering the export market.

WORLD TRADE BY MAJOR COMMODITY

Mr. WHITTEN. Would you please list for the record the amount of commodities that moved in world trade for each of the last ten years and the U.S. share of world trade?

[The information follows:]

WORLD AGRICULTURAL TRADE
The United States and its Competitors
October-September Years
(Million Metric Tons)

	U.S.	Competitors	Others	Total	U.S. Share of Total (%)
Wheat/Flour					
1980/81	43.7	44.4	6.0	94.1	46.4
1981/82	45.8	48.7	4.1	98.6	46.5
1982/83	39.4	54.0	6.0	99.4	39.6
1983/84	43.2	59.2	5.7	108.1	40.0
1984/85	29.6	58.5	7.8	95.9	30.9
1985/86	27.1	53.5	5.5	86.1	31.5
1986/87	30.1	57.2	6.6	93.9	32.1
1987/88	43.4	54.3	7.2	104.9	41.4
1988/89	37.8	48.7	11.2	97.7	38.7
1989/90	35.0	54.1	7.9	97.0	36.1
Coarse Grains					
1980/81	69.5	33.6	4.9	108.0	64.4
1981/82	58.4	32.7	5.4	96.5	60.5
1982/83	54.0	28.6	7.5	90.1	59.9
1983/84	55.8	30.7	6.0	92.5	60.3
1984/85	55.5	33.3	12.8	101.6	54.6
1985/86	36.4	33.8	11.1	81.3	44.8
1986/87	47.5	26.1	10.0	83.6	56.8
1987/88	53.5	22.3	7.8	83.6	64.0
1988/89	61.2	24.0	8.8	94.0	65.1
1989/90	63.5	26.4	8.5	98.7	64.3
Rice					
1980/81	3.2	9.9	--	13.1	24.4
1981/82	2.9	8.7	--	11.6	25.0
1982/83	2.3	9.6	--	11.9	19.3
1983/84	2.2	10.3	--	12.5	17.6
1984/85	1.8	9.3	--	11.1	16.2
1985/86	2.2	10.6	--	12.8	17.2
1986/87	2.5	10.1	--	12.6	19.8
1987/88	2.3	10.0	--	12.3	18.7
1988/89	2.8	12.3	--	15.1	18.5
1989/90	2.6	10.9	--	13.5	19.3
Cotton					
1980/81	1.21	2.14	0.94	4.29	28.2
1981/82	1.49	2.06	0.85	4.40	33.9
1982/83	1.14	1.99	1.10	4.23	27.0
1983/84	1.53	1.81	0.87	4.21	36.3
1984/85	1.28	2.03	1.12	4.43	28.9
1985/86	0.48	2.78	1.19	4.45	10.8
1986/87	1.41	2.80	1.42	5.63	25.0
1987/88	1.43	2.40	1.21	5.04	28.4

WORLD AGRICULTURAL TRADE
The United States and its Competitors
October-September Years
(Million Metric Tons)

		U.S.	Competitors	Others	Total	U.S. Share of Total (%)
1988/89	:	1.34	2.83	1.47	5.64	23.8
1989/90	:	1.63	2.19	1.62	5.44	30.0
Soybeans	:					
1980/81	:	20.0	4.0	0.3	24.3	82.3
1981/82	:	25.5	2.0	0.3	27.8	91.7
1982/83	:	24.5	3.1	0.4	28.0	87.5
1983/84	:	19.3	5.0	0.9	25.2	76.6
1984/85	:	16.6	7.2	1.3	25.1	66.1
1985/86	:	20.1	3.9	1.6	25.6	78.5
1986/87	:	21.3	5.1	2.1	28.5	74.7
1987/88	:	21.0	5.2	1.8	28.0	75.0
1988/89	:	14.1	6.2	1.7	22.0	64.1
1989/90	:	15.8	8.1	1.6	25.5	62.0
Soybean Meal	:					
1980/81	:	6.2	9.7	0.6	16.5	37.6
1981/82	:	6.3	10.7	1.2	18.2	34.6
1982/83	:	6.4	12.8	1.8	21.0	30.5
1983/84	:	4.9	11.7	2.1	18.7	26.2
1984/85	:	4.5	13.2	1.8	19.5	23.1
1985/86	:	5.5	12.8	1.9	20.2	27.2
1986/87	:	6.7	13.8	1.9	22.4	29.9
1987/88	:	6.2	12.8	3.2	22.2	27.9
1988/89	:	4.7	14.8	3.1	22.6	20.8
1989/90	:	4.4	17.1	3.1	24.6	17.9
Soybean Oil	:					
1980/81	:	0.74	2.06	0.09	2.89	25.6
1981/82	:	0.94	1.96	0.11	3.01	31.2
1982/83	:	0.92	2.30	0.14	3.36	27.4
1983/84	:	0.83	2.48	0.16	3.47	23.9
1984/85	:	0.75	2.19	0.12	3.06	24.5
1985/86	:	0.57	1.85	0.11	2.53	22.5
1986/87	:	0.54	2.51	0.18	3.23	16.7
1987/88	:	0.85	2.13	0.27	3.25	26.2
1988/89	:	0.75	2.20	0.27	3.22	23.3
1989/90	:	0.66	2.63	0.29	3.58	18.4
Total Bulk Commodities 1/						
1980/81		137.6	94.0	12.1	243.8	56.4
1981/82		134.1	94.2	10.7	238.9	56.1
1982/83		121.3	97.3	15.0	233.6	51.9
1983/84		122.0	107.0	13.5	242.5	50.3
1984/85		104.8	110.3	23.0	238.1	44.0
1985/86		86.3	104.6	19.4	210.3	41.0
1986/87		102.8	101.3	20.1	224.2	45.9
1987/88		121.6	94.2	18.0	233.8	52.0
1988/89		117.2	94.0	23.2	234.4	50.0
1989/90		118.5	101.7	19.6	240.1	49.4

1/ Excludes soybean meal and soybean oil.

AGRICULTURAL EXPORTS

Mr. WHITTEN. Would you please provide for the record the top ten U.S. agricultural export markets in terms of dollar value for each of fiscal years 1989 and 1990?

Mr. ANDERSON. I will be glad to provide that information for the record.

[The information follows:]

TOP TEN MARKETS FOR U.S. AGRICULTURAL EXPORTS, FISCAL YEARS 1989 AND 1990

[Dollars in millions]

Country	1989	1990
Japan	8,152	8,200
European Community	6,544	6,100
Soviet Union	3,185	3,300
South Korea	2,454	2,600
Mexico	2,765	2,500
Canada	2,189	2,200
Taiwan	1,594	1,600
China (PRC)	1,480	1,200
Iraq	774	900
Egypt	931	800

AGRICULTURAL IMPORTS

Mr. WHITTEN. Would you please provide a similar table for agricultural imports for fiscal years 1989 and 1990?

Mr. ANDERSON. I will provide the requested information for the record.

[The information follows:]

TOP TEN SUPPLIERS FOR U.S. AGRICULTURAL IMPORTS, FISCAL YEARS 1989 AND 1990

[Dollars in millions]

Country	1989	1990
European Community	4,186	4,200
Canada	2,785	2,500
Mexico	2,093	2,200
Brazil	1,579	1,700
Australia	1,025	[1] N/A
Indonesia	865	[1] N/A
New Zealand	840	[1] N/A
Colombia	820	[1] N/A
Philippines	465	[1] N/A
Thailand	434	[1] N/A

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[1] Estimates not yet available.

REPRESENTATION ALLOWANCE

Mr. WHITTEN. You are requesting an increase of $25,000 in the FAS representaion allowance. You state that this increase is necessary to meet the expanded representation requirements associated with the Uruguay Round of Multilateral Trade Negotiatons and to offset the impact of overseas inflation. During fiscal year 1989, how much of the $110,000 was used in Washington and how much was used overseas?

Mr. Anderson. Of the $110,000 available for representation activity in fiscal year 1989, $80,823 of representation funds was used overseas and $26,026 was used in Washington.

Mr. Whitten. Please provide for the record a listing of how the funds were used in Washington during fiscal year 1989.

[The information follows:]

REPRESENTATION—WASHINGTON COURTESIES

Date	Function	Amount
Oct. 18	Administrator/Argentina/Lunch	$72
Oct. 19	Grain & Feed/Foreign Mkt. Development Team/Refreshmts	18
Oct. 19	Asst. Admin./For. Emb. Agri. Couns./Refreshmts	45
Oct. 28	Administrator/Argentina/Lunch	179
Nov. 4	Administrator/Japan Luncheon	171
Nov. 2	Secretary Lyng/London/Intl. Wheat Council	407
Nov. 12	Administrator/Moscow/Grain Agreement/Lunch	363
Nov. 21	Asst. Admin./Japan/Egypt/Lunch	56
Dec. 6	Administrator/Ceroils/Lunch	175
Dec. 12	Asst. Admin./Japan/Refreshments	50
Dec. 12	Administrator/Japan Lunch	488
Dec. 13	Asst. Secretary/Poland/Lunch	810
Dec. 13	Administrator/Foreign Counselors/Reception	458
Dec. 13–14	Asst. Admin./Poland Refreshments	67
Feb. 17	Secretary Yeutter/EC Delegation	601
Feb. 21	APHIS/Mexico/Texas Lunch	233
Mar. 6	Asst. Admin./Danish Embassy/Refreshments	25
Mar. 15	Secretary Yeutter/Gifts for Foreign Diplomats	3,043
Mar. 31	Asst. Admin./Intl. Cotton Advisory Committee/Refreshments	31
Apr. 24	Secretary Yeutter/U.K./Lunch	483
Apr. 26	Under Secretary/Soviets/Lunch	1,027
May 1	Secretary Yeutter/Japan/Lunch	545
Jun. 7–9	Administrator/Australia/Belgium/Refreshments	31
Jun. 21	Secretary Yeutter/EC Delegation/Dinner	1,543
Jul. 17	Under Secretary/Algeria/Lunch	712
Jul. 18	Asst. Secretary/Spanish Delegation/Lunch	412
Jul. 31	Deputy Under Secretary/Belgium/France/Lunch	369
Aug. 2	Asst. Admin./Mexico/Lunch	144
Aug. 29	Under Secretary/Korea/Lunch	239
Aug. 30	Secretary Yeutter/Gifts for Foreign Diplomats	2,700
Aug. 31	Under Secretary/Mexico/Lunch	286
Sept. 1	Associate Administrator/China/Refreshments	40
Sept. 6	Under Secretary/Soviets/Lunch	386
Sept. 7–8	Administrator/Japanese Delegation/Lunch	176
Sept. 14	Secretary Yeutter/Sweden/Lunch	302
Sept. 15	Secretary Yeutter/Australia/Lunch	144
Sept. 18	Secretary Yeutter/Germany/Breakfast	227
Sept. 18	Secretary Yeutter/Foreign Attache Reception	535
Sept. 24	Foreign Attache Delegation/Lunch	400
Sept. 25	Secretary Yeutter/Gifts for Foreign Diplomats	7,820
Sept. 25	Under Secretary/Mexico/Lunch	213
Total		$26,026

Mr. Whitten. Are the funds for overseas distributed at the start of the fiscal year to the individual Attahces or is a reserve held in Washington for major overseas events, and if so, how much is held in reserve?

Mr. **Anderson**. Representation funds are authorized to each overseas post at the beginning of the fiscal year with a small reserve held in Washington for major overseas events. For fiscal year 1989, $6,000 was held in reserve at the beginning of the year of which $4,700 was subsequently authorized by the end of the fiscal year.

Mr. **Whitten**. How were these funds used overseas during fiscal year 1989, other than allowances for individual Attaches and Counselors?

Mr. **Anderson**. In addition to the normal extension of diplomatic courtesies by our overseas officers, funds are used for functions associated with the travel by the Secretary of Agriculture or delegations from his office involved with trade discussions, ministerial meetings and other activities.

PASSENGER MOTOR VEHICLES

Mr. **Whitten**. According to the notes, you intend to purchase two additional passenger vehicles for a total of 35 during fiscal year 1991, and to replace nine older vehicles. What criteria do you follow to determine whether a vehicle will be U.S. manufacture or foreign manufacture when you purchase it?

Mr. **Anderson**. We first determine if the post has standardized on a particular make and model and for what reason. Next, we establish the maintainability and gas type availability in the crop growing regions since the vehicle is frequently used on crop survey and assessment trips. Additionally, there are country dependent items to consider, such as right or left hand drive, and the security situation to determine the need for armoring and/or the visibility associated with a U.S. vehicle. Most vehicles purchased for use in Europe are U.S. company foreign manufactured.

LONG-TERM GRAIN AGREEMENT

Mr. **Whitten**. On March 21 and 22, in Vienna, you will hold another round of discussions aimed at a new long-term agreement covering the years 1991 through 1995. Who will represent the U.S. at those discussions?

Mr. **Anderson**. The U.S. will be represented by a negotiating team that includes the USDA, State Department, and the USTR. The chief U.S. negotiator will be Ambassador Jules Katz but the team will include Under Secretary Crowder and myself as well as specialists from our USDA staff.

Mr. **Whitten**. Do you expect to conclude an agreement at that time or will there be further meetings?

Mr. **Anderson**. Progress has been made on several points, and we are hopeful that agreement can be reached fairly soon. It may be possible that agreement might be reached at the Vienna meeting, but there is no way to predict.

EASTERN EUROPE

Mr. **Whitten**. On page 11 of your statement you say that over the long-term Eastern Europe holds much promise as a market for U.S. farmers. It has also been said that Eastern Europe, if they could get their agricultural system turned around, because of soils and climate, could be a major competitor of U.S. farmers. Would you please comment?

Mr. ANDERSON. We feel very strongly that the countries of Eastern Europe can become and will continue to be excellent markets for the U.S. farmer in the near and mid-term. These countries do have the potential to become competitive in some areas over the long run, but to determine which countries will be able to compete in which commodities would take much more analysis than is presently available. It will depend on what resources are available to these countries and how they utilize them. How long it will take for each country to reach a reasonable level of efficiency and productivity is the subject of numerous studies presently underway.

Although the region as a whole needs substantial improvement in the way of agricultural modernization and development, each country needs to be considered independently of its neighbors in terms of productive capacity with respect to the different commodities. Generally, we feel that in order for the U.S. farmer's market share to be developed and sustained, the market in which they operate needs to be part of a diversified and growing economy. This would obviously include the agricultural sector.

POLAND

Mr. WHITTEN. You state on page 11 that we donated $50 million of corn and $10 million of pork bellies to Poland. What was the source of financing of these donations?

Mr. ANDERSON. The $50 million of corn was donated from the Commodity Credit Corporation's surplus stocks under the provisions of Section 416(b) of the Agricultural Act of 1949. The $10 million for pork bellies was funded by CCC under the provisions of the Food for Progress Act which allows for purchases on the open market.

Mr. WHITTEN. The fiscal year 1990 Appropriations Bill, as has been the case for several years now, contained a general provision with regard to sales to Poland. What role does that provision play with regard to the current situation in Poland and the rescheduling of Poland's debt?

Mr. ANDERSON. That provision prohibits payment of CCC funds to private individuals or corporations in satisfaction of loan guarantees claims, unless the Polish People's Republic has been declared in default of its debt to the individual or corporation, or the President reports to the Congress why it is important to the national interest to make the payment in the absence of this declaration. This provision has not played a role in rescheduling Poland's debt because CCC has not been making payments with regard to credit guarantees issued to Poland since 1984.

Mr. WHITTEN. You also state that you have signed a technical assistance agreement to improve Poland's agricultural economy. Would you please provide a copy of an English translation of this agreement for the record?

Mr. ANDERSON. Yes, a copy of the translation will be provided for the record.

[The information follows:]

STATEMENT OF INTENT BETWEEN THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE MINISTRY OF AGRICULTURE, FORESTRY AND FOOD ECONOMY AND THE OFFICE OF THE MINISTER OF RURAL LIFE QUALITY OF THE POLISH PEOPLE'S REPUBLIC

1. The United States Department of Agriculture (hereafter referred to as the Department) and the Polish Ministry of Agriculture, Forestry and Food Economy and the Office of the Minister of Rural Life Quality of the Polish People's Republic (hereafter referred to as the Polish counterparts) intend to cooperate with respect to production and infrastructure development in agriculture, consistent with the need to establish a market oriented, stable food economy in Poland and to facilitate commerce within Poland and between Poland and the United States. This cooperation will encompass technical and administrative assistance and other activities that will enhance Poland's agricultural production, marketing, inspection and research systems.

2. To work toward this objective, the Department and the Polish counterparts will establish a joint committee on agricultural development and agricultural trade development, to be chaired for the United States Department of Agriculture by the Undersecretary for International Affairs and Commodity Programs, and for Poland by an official to be named by the Polish counterparts. The joint committee will monitor and coordinate the implementation of activities described below. It will meet as mutually agreed upon, initially at least twice per year, and will work toward:

(a) increasing collaboration in government/industry efforts to enhance agricultural technology exchange between the two countries and to improve transportation and marketing facilities in Poland;

(b) improving the structure of Polish agriculture with the goal of increasing production efficiency and improving rural life quality in that country;

(c) fostering conditions including a suitable policy environment which will encourage expanded trade in agricultural commodities, to generate increased economic growth and to secure the benefits of comparative advantage in agriculture for their respective populations.

The committee will report on progress in the implementation of this Statement of Intent to the Secretary of Agriculture and the two Polish ministers who will meet annually to assess that progress.

3. The Department and Polish counterparts also intend to establish working groups, each with equal representation from the Department and the Polish counterparts.

(a) These groups could include, but not be limited to, the following, as mutually agreed upon: Agricultural Extension, Marketing and Inspection, Economic Research, Scientific Research and Development, Rural Infrastructure, Agricultural Credit, Private Sector Cooperation, and Agricultural Cooperatives.

(b) These working groups will be chaired by appointed government officials from both the United States and from the Polish People's Republic (or their designated representatives).

(c) The working groups will meet on a schedule mutually agreed upon. They will report to the joint committee on each of their meetings and on their other activities.

4. This document shall not be construed to create any legally binding obligations under the laws of either the United States or the Polish People's Republic or under international law.

Done at Warsaw, in English and Polish, the 16th day of December, Nineteen Hundred and Eighty Nine.

For the United States
Department of Agriculture

By: Clayton Yeutter
Clayton Yeutter
Secretary of Agriculture

For the Ministry of
Agriculture, Forestry
and Food Economy

By:
Czeslaw Janicki
Deputy Prime Minister and
Minister of Agriculture,
Forestry and Food Economy

For the Office of the
Minister of Rural Life
Quality

By:
Artur Balazs
Minister of Rural Life
Quality

Mr. **Whitten**. Mrs. Smith.

Mrs. **Smith**. Thank you, Mr. Chairman.

GATT NEGOTIATIONS

Well, first of all, I want to thank you all for being here. We're just mighty glad to have you.

Mr. Anderson, we're very much aware and concerned about the GATT negotiations.

I think it's important to realize that we shouldn't support any agreement unless it's positive to American agriculture.

Would you like to comment about the GATT negotiations, as well as what are your thoughts in case they don't come to any agreement?

Mr. **Anderson**. Well, as you know, Congresswoman, all the proposals now are on the table in the GATT. They were due from the various countries by the end of 1989. All the major participants have placed their proposals on the table, and the agriculture negotiating group has established a work program for itself.

Dr. Crowder was just in Geneva for some formal meetings of the Agricultural Negotiating Committee and we expect now that the group is going to meet more frequently, both formally and informally, over the next ten months.

We've got a target to conclude those negotiations by the first week in December, and we'll have a ministerial level meeting in Brussels, but there's a lot of work to be done between now and December.

We have our proposal on the table, the European community has theirs, and the Cairns group. They are basically the three major proposals on the table.

Our proposal has been criticized by some as going too far, particularly the European community. We think it hits the right balance.

We think we've got to level the playing field and eliminate the export subsidies that are causing trade distortion. We've got to get at the access question to improve access for agricultural exports, and we also need to deal with the sanitary issues.

That area is making probably faster progress than some of the others in the GATT. As you know, there's general agreement on the U.S. approach here in the United States.

We hope we can move down that road as far as we can in the negotiations. We hope our partners will come with us. The question of how far we go down the road, how successful we are, of course, is the big key to the negotiations. We will have to bring home an agreement that both Congress and the American farmers can live with.

We are not going to do anything unilaterally in the agriculture sector. We've got 15 negotiating groups. We want to move those negotiating groups together. We hope that by the end of December, we can bring an agreement home and get moving forward in the 1990s with less interference, with a more level playing field, with fewer unfair trade practices.

We think we've got an opportunity here that probably won't present itself for some time, and we've got to make the best of that opportunity now.

BEEF EXPORTS TO JAPAN

Mrs. **SMITH**. Another thing I wanted to ask you to comment briefly on, it seems that the trade agreement between the United States and Japan regarding beef and citrus exports has been very successful.

Our beef exports are doubling as a result of that, I understand. Do you see further expansion in the Japanese market?

Mr. **ANDERSON**. Yes, we are, and, by April of 1991 we will have full liberalization for beef. We are currently exporting a little over a billion dollars worth of beef, and that's quite amazing when you look back to the early 1980s when the quota was somewhere around 30,000 tons and it's now 160,000.

We're probably going to see something closer to a 400,000-ton access to that market when it's liberalized. We could well see, from early indications from studies that we've done in the Foreign Agricultural Service, our export sales in Japan reaching near the $2 billion mark as we move through the 1990s.

We see a great potential for beef there, and it's, of course, helping the price to producers here in the United States.

It's our largest market, and we have nearly 45 percent of it now.

Mrs. **SMITH**. What you're saying is music to my ears. I just want to remind all of you that I come from the beef state, Nebraska.

We're now number one in our beef feeding out in Nebraska, and we're very proud of that.

I have just one more question, and it's along the line of beef, which is so important to us. You know, 67 percent of all of our agricultural income in Nebraska is from meat.

OPENING KOREAN BEEF MARKETS

I was interested in the comments in your statement discussing the actions taken to open South Korean markets, and I understand that in that beef industry case the ruling was in the United States' favor.

However, the Korean government hasn't seemed to recognize that. What actions could be taken by the United States to further this situation? Are there types of retaliation possible under Section 301?

Mr. **ANDERSON**. As you're aware, we took the Korean beef import situation, the quota situation, to the GATT and came out with a favorable decision.

Last November that we finally got the Korean government to accept that panel report, which means that they will have to eventually accept the plan for liberalization and doing away with their quotas on beef.

We have seen the Korean market open in the last few years. We sold about 22,000 tons there last year, I think, with a little bit more than $70 million worth of income.

We have been pressing the Koreans for a liberalization program. The Koreans, at this point in our discussions, and we've met several times with them, have not indicated a willingness to discuss total liberalization down the road.

They keep insisting on talking to us about increased quotas but don't want to accept the program down the road for liberalization. We will get to a point inside of the next month or so that we will have to determine whether or not we need to take any retaliatory measures relative to the Koreans if we can't resolve this issue.

We hope we can. The Australians and the New Zealanders are also involved in putting pressure on the Koreans. We hope that that market would open up similar to what we have in Japan.

When those markets open up like the Japanese market, and if we can get the Korean market to open up, of course that relieves pressure here in the domestic market, and that helps our producers here and helps our prices.

EXPORT ENHANCEMENT PROGRAM AS A TRADE POLICY

Mrs. SMITH. How effective has the EEP program been as a trade policy tool? Could you provide a summary of the EEP to date for the record?

Mr. ANDERSON. Substantial pressure has been exerted on the EC by the EEP. EEP initiatives have made it more difficult and costly for the EC to operate their export subsidy programs, cutting into EC export sales and increasing overall budget pressures on the EC. At the time the EEP was initiated, there was no agreement that agricultural issues would be addressed in Multilateral Trade Negotiations. The EEP, combined with lower loan rates and a falling dollar, has been an important factor contributing to the attention given to agriculture in the Uruguay Round. However, continued pressure, and thus continuation of the EEP will be needed to influence in a positive manner the outcome of the Uruguay Round of Multilateral Trade Negotiations. I will provide for the record a summary of the EEP to date.

[The information follows:]

UNDER SECRETARY'S SUMMARY
EXPORT ENHANCEMENT PROGRAM
Announced as of 10:00 AM March 2, 1990

Announced to Date: (Minus programs withdrawn)	93,667,540	MT grains and products (grain equivalent)
	608,000,000	table eggs (pieces)
	240,500	MT frozen poultry
	74,773	head dairy cattle
	765,000	MT vegetable oil
Sold to Date:	70,247,109	MT wheat
	3,380,909	MT flour (grain equivalent)
	7,046,711	MT barley
	72,610	MT semolina (grain equivalent)
	256,679	MT barley malt (grain equivalent)
	319,000	MT sorghum
	191,150	MT rice
	188,968	MT poultry feed
	519,500	MT vegetable oil
	165,531	MT frozen poultry
	69,773	head dairy cattle
	461,373,540	table eggs (pieces)

Total Sales Value:	$10,007.8 million
Market Value of Awards:	$ 2,701.3 million

TOTAL ANNOUNCED INITIATIVES:	105
COUNTRIES TARGETED: (SALES COMPLETED) INITIATIVES STILL OPEN)	65 - Algeria, Bahrain, Bangladesh, Benin, Brazil, Bulgaria, Burkina Faso, Burundi, Canary Islands (Spain), Cameroon, Central African Republic, China, Colombia, Congo, Costa Rica, Cote d'Ivoire, Cyprus, Dominican Republic, Egypt, El Salvador, Finland, Gabon, German Democratic Republic, Ghana, Guatemala, Guinea, Honduras, Hong Kong, Hungary, India, Indonesia, Iraq, Israel, Jordan, Kenya, Kuwait, Lebanon, Liberia, Mali, Mexico, Morocco, Niger, Nigeria, North Yemen, Oman, Peru, Philippines, Poland, Qatar, Romania, Saudi Arabia, Senegal, Sierra Leone, Singapore, Soviet Union, Sri Lanka, Switzerland, Togo, Tunisia, Turkey, United Arab Emirates, Venezuela, Yugoslavia, Zaire, Zanzibar (Tanzania).
COMMODITIES TARGETED:	12 - Barley, Barley Malt, Dairy Cattle, Eggs, Frozen Poultry, Poultry Feed, Rice, Semolina, Sorghum, Vegetable Oil, Wheat, Wheat Flour

EEP SALES AS A PERCENT OF TOTAL EXPORTS (VOLUME)

COMMODITY	FY 87	FY 88	FY 89
WHEAT	51.0	65.0	42.3
FLOUR	63.6	38.6	51.8
BARLEY	98.0	75.0	30.6
SORGHUM	2.1	3.5	0.0
RICE	1.1	5.5	0.7
VEGETABLE OIL	3.2	26.4	7.3
FROZEN POULTRY	28.8	3.9	1.7
DAIRY CATTLE	42.6	4.7	0.0
EGGS	68.9	15.8	12.9

GSM-102 PROGRAM

Mrs. **Smith**. If the GSM-102 program was increased to $7 billion, what effect would this have on workload and staffing needs?

Mr. **Anderson**. Without doubt, a $2 billion increase over existing program levels carries implications for a considerably expanded workload to be borne by USDA in order to properly administer such a proposed increase in GSM-102. Also other involved agencies—ASCS, for example—would bear proportionate shares of the overall added burden. Consideration of the staffing needs associated with such an increase must not be limited to FAS.

TEA MARKET DEVELOPMENT

Mrs. **Smith**. Has TEA facilitated US market development efforts? Could you provide the committee with a summary of a few efforts the FAS has participated in and their success?

Mr. **Anderson**. Based upon empirical trade data, consumer surveys, and independently conducted evaluations, many of the program's results have been documented. Among the successes are California Cling Peach Advisory Board's in-store promotion with the Daiei supermarket chain, U.S. Wheat Associates sandwich promotion in Thailand, and the National Sunflower Association's generic promotional campaign in Japan.

Through an "American Fair" promotion, in cooperation with over 300 Daiei supermarkets in Japan, the California Cling Peach Advisory Board posted record sales. Daiei's original order for peaches had to be doubled halfway through the promotion and Daiei management reported that total sales for the American Fair were 12 times their regular monthly movement. Orders for next year have been increased by 200 percent for this major Japanese supermarket chain.

In an effort to expand consumption of bread among young urban Thais, U.S. Wheat Associates developed a large-scale sandwich promotion program with Thai President Foods, whereby thousands of sandwiches were served to selected groups of school children and young factor workers in Bangkok. The effort saw a sustained 60 percent increase in sliced bread sales in the bakery outlets near the schools and factories three months after the campaign ended. U.S. wheat exports to Thailand have nearly doubled in the past four years and now represent 50 percent of the market. Future U.S. wheat sales appear promising, as sandwiches, pizza, and other wheat-based fast foods are becoming increasingly popular choices in the Thai diet.

The Japanese market for sunflower oil was traditionally limited to the unique gift market until the National Sunflower Association introduced a promotion program to broaden consumer use of sunflower products to "an every day basis." An eight month long generic campaign increased unaided consumer awareness of sunflower products from four to fourteen percent and helped convince a major margarine manufacturer to introduce nationally a high quality identified sunflower margarine. Within four months of its introduction in April of 1989, the product had achieved sixty percent distribution nationally.

Mrs. SMITH. While the United States exports more agricultural goods by volume than any other nation, it receives less on a per ton basis than most other exporting countries in the world. In 1987, the average value of agricultural exports per ton was: EC—$637; World Ave—$429; and U.S.—$223. What is the Department doing to increase the value of U.S. exports? Would you say the Department is more interested in volume or the value of agricultural exports.

Mr. ANDERSON. The Department and FAS have recognized the need to increase our exports of high value products. The formation of a high value products division within our commodity and marketing programs area four years ago is a testament to our commitment to identifying markets and new ways of promoting our exports of high value agricultural products. FAS concentrates on both volume and value when we analyze trade data. An increase in the value of our agricultural exports can at times be due to reduced supply levels and higher commodity prices. By taking the volume of our trade into account, we develop a better picture of trends. The fact that the average value of the EC's agricultural exports is higher than that for the United States is due to several factors. Until quite recently, the European Community was a net importer of bulk agricultural commodities. Most of its agricultural exports reflected some degree of processing and were directed toward the United States or Africa and the Middle East. Thus, the mere fact that the average value of the EC's agricultural exports has been higher than that for the United States has never been an immediate cause for concern. Rather, our concern has been the unwillingness of the EC to grant access to their domestic market. Their system of domestic protection—variable levies—has limited our ability to export into their market. Moreover, the common agricultural policy has resulted in the EC becoming a net exporter of bulk commodities. This in combination with the EC's increasing use of export subsidies, from $4.9 billion in 1984 to nearly $12.0 billion in 1988, has distorted world trade patterns and taken potential markets away from U.S. exporters.

Mrs. SMITH. The world demand for cereal grains is projected to grow only 2 percent per year through the 1990's. In 1987, the U.S. accounted for 33 percent of world trade in bulk agricultural commodities, but only 7 percent of world trade in high-value products. How is the Department responding to these changes in the world markets? Does the Department conduct any type of long-range planning to determine in which markets the U.S. can reasonably compete and how financial resources can best be used in these markets?

Mr. ANDERSON. FAS has devoted considerable staff and budget resources toward identifying key markets for high-value products over the last four years, reporting on the structure of the individual country markets and disseminating this information to our cooperators, the various State Departments of Agriculture and the public in general. We currently receive over fifty individual country reports annually which are focused specifically on high-value agricultural products. In addition, we have funded more detailed Euro-retail studies through our FAS Project budget. This has been complemented by a host of product specific market research that is done each year through the Cooperator and the TEA Program.

Nearly three-quarters of the FAS market development budget has been directed toward developing markets for U.S. exports of high-value products. In particular, the Targeted Export Assistance program has been focused primarily on our top markets for high-value products. Recent trends in U.S. exports of high-value products to these markets seem to indicate that our efforts are beginning to pay off.

Mr. WHITTEN. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman.

RESOURCES TO EXPAND EXPORT MARKETS

Gentlemen, I think that right now, looking at the entire picture of the world, the United States has the greatest opportunity it's ever had in its entire history as far as expanding agricultural markets. It's been the keystone, I think, of our entire foreign trade situation as far as the commodities that we export.

What I'm really concerned about is just what is the greatest need, as you recognize it, within FAS to take advantage of these opportunities?

I know we've mentioned personnel, which are key to just about any agency's operations. But give me another run-down on just exactly what you see as the greatest needs and how we best can design this budget to take advantage of those opportunities.

Mr. ANDERSON. Well, I think the Targeted Export Assistance Program contained in the 1985 Farm Bill helped promote U.S. agricultural exports when our exports were not very competitive overseas because of the value of the dollar at that particular time.

I think Targeted Export Assistance or some program similar to that in the new farm legislation that would continue the level of promotion and support for agricultural exports around the world would be one key thing that would help us tremendously.

We also continue to assess our need to open opportunities for agricultural exporters. We are looking at the possibility of opening some agricultural trade offices, for example, in the western part of Japan. Japan is a very, very good market for us, and we've been looking at the possibility of opening an Agricultural Trade Office in Osaka.

We're looking at Eastern Europe. We're looking possibly at the Soviet Union, depending on how things develop. Of course, those things have start-up costs and involve money, and budgetary constraints are a limiting factor.

But I think seriously as we go down the road into the 1990s and look at how we can assist exporters, that would be another area that we should look at.

We need to continue to have the authority under the GSM programs to guarantee credit to countries. There's going to be increasing demand for credit as we move down to the next year or so, particularly as Eastern Europe and perhaps the Soviet Union gain most favored nation status.

So I think we pretty much have the tools that we need. One of the big things, of course, is going to be the outcome of the trade negotiations. If we can't reach agreement on the export subsidy issue with our competitors, and we see our major competitors spending $10 billion annually to subsidize their exports, then we have to consider how we're going to keep U.S. agricultural products competitive in world markets.

So the outcome of the Uruguay Round Trade Negotiations is going to be key, and that's why we're putting a great deal of emphasis on that.

FAS RESOURCES

Mr. SKEEN. What I'm concerned about is the European situation. We've got a great contest, and I know that this also involves the GATT negotiations and some of the rest. I'm concerned about whether you have the resource in your budget to do the things that you just mentioned, such as opening offices in Eastern Europe.

Because given the necessity that we're going to have to put more resource into the export assistance programs and some of the rest, as your budget stands now, do you have the flex to do this?

Mr. ANDERSON. We have some flexibility, but when you look at the possibility of opening an agricultural trade office in Osaka, for example, the start-up costs there are about $2 million, that's something that we are not in a position to take on. We do have some flexibility, and we're looking at how we might be able to use that flexibility, given the current budget.

Mr. SKEEN. Say the GATT negotiations go well. Given the GSM problems and the rest of the foreign assistance programs, I'm concerned whether you're going to have to come back and ask for more money.

Mr. ANDERSON. Well, I think that——

Mr. SKEEN. I'd rather see you ask for it now than to wait until the poppies bloom and you can't harvest.

Mr. ANDERSON. We're looking at that. We would, of course, not turn down funding if Congress——

Mr. SKEEN. What I'm getting at is have you already been turned down?

Mr. ANDERSON. No.

Mr. SKEEN. Did you get what you asked for?

Mr. ANDERSON. We basically got what we asked for in our budget, and I think really we got our overseas costs for existing offices basically covered. That's been a continuing issue for us.

Mr. SKEEN. That's been a real tough problem, because we've been running shortlegged over there for some time.

Mr. ANDERSON. Yes, and we've had to deal with that problem over the years, particularly since the mid-1980s.

I think we have ourselves covered really quite well in this budget, and it does provide some flexibility, should we decide to do some things in Eastern Europe or the Soviet Union.

AGGRESSIVENESS OF EXPORT PROGRAMS

Mr. SKEEN. How aggressive are we?

Mr. ANDERSON. I feel we're very aggressive. I feel in our Targeted Export Assistance program, we've got some real success stories.

We feel that we've got total utilization of our $5.5 billion GSM program. We have been tweaking the community's nose, so to speak, in some of the northern European——

Mr. **Skeen**. I think we're working on the wrong end of that. I think you need to get closer to the rear end.

Mr. **Anderson**. When you take $500 million or $600 million in EEP bonuses and compare it to $10 billion in export subsidies, you have to pick and choose and see where you can have the greatest trade policy affect to show the community how disruptive export subsidies can be in the world market.

Mr. **Skeen**. I think you all are becoming great diplomats, but we need to get down to a little bare knuckle trade once in a while, in our view.

Of course, we can sit out here and give you all sorts of great advice, and what you really need are resources. The major concern that I have is keeping your programs viable but giving you the opportunity to expand where you have to move rapidly so you can be aggressive in the area of trade.

I think the Chairman alludes to that all along, that we always take the good guy position in trade negotiations, and that's been a historic position for those of us in the United States. We had so much and we did so much with it, and we used to give it away, and now we want to sell it, and they still think we ought to be giving it away to them.

That's been a tremendous change. Also, for traders, they've got to make diplomats out of you, because it's part of the diplomatic scheme, as well.

We understand that, but just so that your budgets do reflect the ability to move the muscle in where you have to have it, and we'll let you take care of the niceties, and you can keep tweaking their nose. We'll work on the other end a little bit.

FAS PERSONNEL

Mr. **Skeen**. If this committee provides for FAS as authorized by the Farm Bill, what personnel needs would be required to effectively administer the funds and develop the programs necessary to capture our share of expanding world markets?

Mr. **Anderson**. I believe it would be premature to speculate on the employment implications associated with programs and program levels under discussion for the 1990 Farm Bill. However, I would offer the general observation that it existing programs are expanded in the 1990 Farm Bill, additional personnel would be essential.

AID TO EASTERN EUROPE

Mr. **Skeen**. Could you please provide specific information on what needs to be included in a food aid or export credit guarantee package to Eastern Europe so that American commodities and food items can share in the new market opportunities in that part of the world?

Mr. **Anderson**. Eastern Europe is in economic and political upheaval as those countries try to create market economies and democracies. USDA supports these changes and will provide food aid as appropriate to support these countries and their people. While it is still difficult to list specific program funding levels or commodities that would be appropriate for Eastern Europe, we assume that any fiscal year 1991 funding levels for food aid for these countries will be less than those for fiscal year 1990.

We expect that East European participation in our concessional food aid programs will be short-term, as those countries develop their own agricultural and economic potential. While the immediate needs of these countries may not match our market development goals exactly, we are acutely aware of market opportunities in Eastern Europe. Thus we are actively assessing both the market development potential and the financial and political risk involved in trade with these countries.

In addition to our ongoing GSM-102 programs in Hungary and Yugoslavia, we anticipate new requests for credit guarantee programs. I should note that many of these countries are in severe financial straits and may not be viable GSM candidates in the new term. We are working to find the appropriate basket of commodities and programs that will make the best use of USDA resources as well as increase U.S. agricultural exports. I will furnish for the record a listing of the programs and commodities that are currently projected for Eastern Europe in fiscal year 1990.

[The information follows:]

FY 1990 USDA PROGRAMS IN EASTERN EUROPE—CONCESSIONAL AND COMMERCIAL

Country	Programs	Total program value (millions)	Commodities
Poland	Public Law 480, title I, Food for Progress, section 416(b).	$125	Corn, vegetable oil, pork, rice, cotton, butter, soybean meal.
Romania	Public Law 480, title I[1], section 416(b).	62	corn, butter.
Hungary	GSM-103 guarantees	26	Cotton, livestock, almonds, oilseeds, rice.
Yugoslavia	GSM-103 guarantees	40	Cotton, hides & skins, oilseeds, wood.

[1] In negotiations.

Mr. SKEEN. Thank you very much for your responses.

Thank you, Mr. Chairman.

Mr. WHITTEN. Thank you very much Mr. Anderson. Several of our colleagues on the Committee were unable to be here today, but they have some questions they would like to have answered for the record.

[The questions for the record and the responses follow:]

FAS FOREIGN MARKET DEVELOPMENT PROGRAM

Mr. AKAKA. In fiscal year 1990, the Committee made $225,000 available to the State of Hawaii for a cooperative agreement under the FAS foreign market development program. The purpose of this initiative is to market and promote tropical and subtropical products. How will these funds be utilized by the State of Hawaii?

RESPONSE. The Hawaii Department of Agriculture has submitted proposals for market development activities for ginger—$35,000—and cut flowers—$34,000. These proposals are currently under review. We understand that the Hawaii Department of Agriculture is also developing proposals for processed food items such as Hawaiian coffee and snack foods, but these have not yet been submitted for our consideration.

Mr. **Akaka**. When will FAS execute a final cooperative agreement with the Hawaii State Department of Agriculture under this program and what will be the final dollar amount provided in fiscal year 1990?

Response. Hawaii, as a member of the Western United States Agricultural Trade Association, is already covered by a cooperative agreement with the Foreign Agricultural Service. Each market development activity is subject to separate approval and the final dollar amount for fiscal year 1990 will be determined by the activities submitted by Hawaii this year which can be approved. The twc proposals currently under review total $69,000. There is a separate Cooperative program agreement between the Foreign Agricultural Service and the Papaya Administrative Committee for the promotion of papayas with a dollar funding level of $65,000.

Mr. **Akaka**. Describe the potential for market growth in the export of Hawaiian agricultural products.

Response. The export potential for individual Hawaiian products is being examined as part of the project proposal for each marketing activity. In many instances, Hawaiian producers face competition from low cost producers in Southeast Asia, however, we feel that Hawaii's well established image will be helpful in supporting sales of Hawaiian products in countries such as Japan.

CENTER FOR INTERNATIONAL TRADE DEVELOPMENT OKLAHOMA STATE UNIVERSITY

Mr. **Watkins**. How is the cooperative agreement between USDA-FAS-CSRS working with the Center for International Trade Development at Oklahoma State University? Do you see a problem with continuing this positive cooperative agreement at the end of the current agreement timetable?

Response. The Cooperative State Research Service administers all programs for International Trade Development Centers. The FAS market development program is a cooperative program in which FAS funds have traditionally been used for overseas projects with U.S. domestic cooperators providing, at a minimum, those expenses required in the United States. The unique FAS agreement to support the CSRS agreement with Oklahoma State University is an exception to this policy, based on assurances received that this pilot effort would generate sufficient interest and funds from other sources so that further use of market development resources would not be required.

EASTERN EUROPE

Mr. **Weber**. With the recent developments in Eastern Europe, I would imagine that there is potential to develop new markets for our bulk and value added agriculture products. Could you tell me what FAS is doing to help access and develop these markets?

Response. We agree that there is significant potential to develop new markets in Eastern and Central Europe. To that end, we have established a food aid program with Poland and are in the process of negotiating one in another country as well. These programs are comprised almost exclusively of bulk commodities. We believe that these food aid programs lay the groundwork for solid commercial relationships in the future because they familiarize the recipients with our producers and our operational procedures. We have also had extensive in-country contacts with farmers, academicians and government leaders in the region in order to determine how we may best be of assistance in the transformation of their economies. They will not buy our commodities until the economic and financial situation is significantly more stable. In the meantime, we have taken the steps necessary to foster the kind of relationships necessary for the expansion of our agricultural trade.

EXPORT ENHANCEMENT PROGRAM

Mr. **Weber**. Also, I am wondering if your department is actively promoting the export of value added agricultural products through the export enhancement program? I would also like to know what types of value-added products are being exported under this program and what percentage of EEP's dollars are being used to export value-added products?

Response. EEP bonuses have been made available for a number of value added products. I am submitting for the record a table detailing the value added products exported under EEP. The percentage of EEP bonuses awarded to export these products is about 20 percent of the total program.

[The information follows:]

Value of EEP Bonus Awards for Exporting Value Added Products

[From beginning of program in fiscal year 1986 to March 8, 1989]

Value Added Products in EEP Program:	*EEP Bonus Value (Millions)*
Cattle	$92.8
Eggs	11.0
Flour	206.8
Malt	20.0
Poultry	107.6
Semolina	12.4
Vegetable Oil	66.2
Total	516.8
Total EEP bonus awards for all commodities	2,803.6
Value added product bonus awards Percentage of the total awards	18.6

Mr. WEBER. Finally, I would be interested to know if you think that the EEP program has been successfully used to develop new markets for our bulk commodities, or if it is being used as a pricing tool to compete with our competitors on a sale by sale basis? If you think that the program has developed new markets, I would be interested in some examples?

RESPONSE. The EEP is principally a trade policy tool. The EEP has been used to counter unfair competition, principally from the EC. Targeted markets for EEP are assessed to determine if they demonstrate a potential to develop, expand, or maintain markets for U.S. agricultural commodities with consideration being given to the United States' historical market share and long-term commercial relationships between the U.S. and targeted countries.

EXPORT ENHANCEMENT PROGRAM

Mr. CONTE. The Export Enhancement Program was set up to contend with unfair competition from the EC and other agriculture exporting countries which subsidize their exports. Over the years it has been in operation, seven countries have received 74 percent of EEP subsidized exports: the Soviet Union, China, Algeria, Egypt, Saudi Arabia, Morocco, and Iraq. How have the EC exports to these seven countries been affected by the EEP exports?

RESPONSE. In general, exports of U.S. grains to these countries have increased significantly over the past 5 years, while EC exports have declined. For example, since the announcement of EEP initiatives for wheat to China, the Soviet Union, and Morocco; EC wheat exports have declined 56, 66 and 88 percent, respectively. Likewise, since the implementation of the EEP for vegetable oil in Algeria and Morocco in fiscal year 1987, EC12 exports of vegetable oil to those two countries declined by 46 and 16 percent, respectively. U.S. EEP poultry meat sales to Iraq and Egypt blocked significant EC exports that would likely have been shipped to these markets.

Mr. CONTE. For commodities exported under the EEP program, please detail the annual EEP exports to each of those seven countries, and the annual EC exports to those countries.

RESPONSE. I shall provide that information for the record.

[The information follows:]

ANNUAL EXPORTS TO TARGETED MARKETS 1/
('000 MT)

	1985	1986	1987	1988	1989	TOTAL
WHEAT						
Algeria						
EEP	0.0	1,000.0	1,460.0	1,915.0	1,025.0	5,400.0
EC	1,125.5	466.1	208.6	498.4	610.7	2,909.3
China						
EEP	0.0	0.0	1,970.0	5,220.0	5,370.0	12,560.0
EC	61.5	252.1	588.8	0.0	259.3	1,161.6
Egypt						
EEP	500.0	1,041.5	1,373.0	1,680.8	1,470.0	6,065.3
EC	1.0	50.8	152.0	537.8	506.3	1,247.9
Iraq						
EEP	0.0	0.0	715.0	947.0	330.0	1,992.0
EC	0.0	0.0	0.0	0.0	230.0	230.0
Morocco						
EEP	0.0	890.0	1,770.0	1,260.0	650.0	4,570.0
EC	902.4	785.4	0.0	107.9	104.4	1,900.1
Soviet Union						
EEP	0.0	0.0	4,000.0	8,804.8	4,696.0	17,500.8
EC	6,076.2	5,156.8	5,909.2	2,862.8	1,988.2	21,993.2
BARLEY						
Algeria						
EEP	0.0	0.0	108.0	590.0	0.0	698.0
EC	504.0	2.0	2.0	165.0	400.0	1,073.0
Iraq						
EEP	0.0	0.0	100.0	150.0	0.0	250.0
EC	0.0	0.0	0.0	0.0	0.0	0.0

	1985	1986	1987	1988	1989	TOTAL
Saudi Arabia						
EEP	0.0	885.0	2,616.0	275.0	275.0	4,051.0
EC	2,050.0	2,254.0	3,265.0	2,355.0	2,100.0	12,024.0
CATTLE (head) 2/						
China						
EEP	0.0	650.0	0.0	118.0	0.0	768.0
EC	NA	NA	NA	NA	NA	NA
Egypt						
EEP	0.0	0.0	424.0	836.0	0.0	1,260.0
EC	NA	877.0	2,751.0	761.0	NA	NA
Iraq						
EEP	0.0	0.0	3,730.0	0.0	0.0	3,730.0
EC	547.0	2,027.0	2,164.0	NA	NA	NA
Morocco						
EEP	0.0	150.0	1,962.0	0.0	0.0	2,112.0
EC	NA	9,161.0	3,746.0	1,192.0	NA	NA
Saudi Arabia						
EEP	0.0	1,309.0	267.0	536.0	180.0	2,292.0
EC	NA	1,112.0	566.0	553.0	NA	NA
EGGS (million pieces)						
Iraq						
EEP	0.0	0.0	178.0	0.0	0.0	178.0
EC	63.0	14.0	NA	NA	NA	NA

	1985	1986	1987	1988	1989	TOTAL
POULTRY						
Egypt						
EEP	0.0	43.0	31.0	0.0	0.0	74.0
EC	2.1	4.5	6.7	10.8	NA	NA
Iraq						
EEP	0.0	0.0	60.0	5.0	5.0	70.0
EC	0.4	0.2	4.8	0.0	NA	NA
Saudi Arabia						
EEP	0.0	0.0	0.0	0.5	2.4	2.9
EC	98.4	82.5	103.7	92.6	NA	NA
VEGETABLE OIL 3/						
Algeria						
EEP	0.0	0.0	0.0	70.0	44.0	114.0
EC	134.0	89.0	206.0	175.0	111.0	715.0
Morocco						
EEP	0.0	0.0	0.0	27.0	33.0	60.0
EC	151.6	151.6	101.9	117.4	85.5	608.0

1/ EEP signifies US exports under the Export Enhancement Program by fiscal year; EC signifies exports from the European Community by marketing year for wheat and barley; by calendar year for cattle, poultry and eggs; and by fiscal year for vegetable oil.

2/ EEP cattle sales are actual sales reported by calendar year.

3/ EC vegetable oil exports quoted comprise the total from EC-12.

EXPORT ENHANCEMENT PROGRAM

Mr. CONTE. A GAO report identified instances in which exporters may have received EEP bonuses in excess of approved amounts. How many instances were there, what was the level of excess bonuses, and what is FAS doing to prevent further excess payments?

RESPONSE. The GAO reviewed data base records on EEP agreements from the start of the program through September 30, 1988. During this period, the amount of EEP bonuses were approximately $2.2 billion on 2,145 separate agreements. The GAO identified 8 instances of overpayments totaling $634,926. FAS further investigated these 8 overpayments and from the hard files learned that two of the EEP agreements identified did not result in any overpayments. The actual amount of overpayment on the remaining six EEP agreements was $306,380. FAS is in the process of recouping the overpayments from the exporters for these agreements. To prevent further excess payments, FAS is implementing a new computer data base program to administer EEP agreements. An intermediate phase of the system is expected to be on-line in March 1990. This system will not allow the type of human errors in processing EEP bonus payments that were identified by the GAO.

FOREIGN AGRICULTURAL SERVICE

Statement of
R. E. Anderson, Jr., Administrator
Foreign Agricultural Service
U.S. Department of Agriculture
Before the House Subcommittee on
Rural Development, Agriculture, and Related Agencies

Mr. Chairman, members of the Subcommittee, I appreciate the opportunity to meet with you to discuss the work of the Foreign Agricultural Service (FAS) and to present the budget request for fiscal year 1991. Today, I plan to focus my remarks on the role of the Foreign Agricultural Service in improving U.S. export opportunities through multilateral and bilateral trade negotiations, market development, and market information. The General Sales Manager, who is also here today, will cover the credit guarantee, food aid, and export assistance programs.

BUDGET REQUEST

Our fiscal year 1991 budget proposes a funding level of $103.5 million, a net increase of $2.2 million above the fiscal year 1990 level. This includes $1.6 million to help offset higher overseas operating costs resulting from anticipated wage and price increases, and $0.6 million which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise is being absorbed. The fiscal year 1991 budget proposes no further funding for Agricultural Trade and Development Missions as the statutory requirement for missions to 16 countries will have been satisfied by the end of fiscal year 1990.

FAS has benefited greatly from the guidance provided by the Chairman and the Subcommittee over the years--and we welcome the opportunity to hear your views on the future directions that should be pursued by the Foreign Agricultural Service in this period of unprecedented change in many countries around the world.

TRADE OUTLOOK

Some of these changes are already having an impact on U.S. agricultural exports. For example, trade data for the first quarter of fiscal year 1990 show our agricultural exports up 3 percent over the same period a year earlier. This is a much more positive trade showing than USDA economists anticipated when they made their first forecast for fiscal year 1990 last fall. At that time, the outlook was for some slippage in our agricultural exports due to lower prices and stronger competition. However, import demand--especially by the Soviet Union--has been strong. In fact, Soviet purchases of U.S. feed grains thus far during the 1989/90 agreement year are running 17 percent ahead of the same period in the preceding agreement year. We are also seeing strong sales to Mexico, South Korea and China. So I believe we can be fairly positive about the outlook for U.S. farm sales this season.

TRADE ISSUES

Beyond this year, the outlook for our agricultural exports is going to hinge greatly on the outcome of the Uruguay Round of Multilateral Trade Negotiations, now in its final year.

The United States has a population of about 250 million people. In the next 10 years the world is going to add to its population the equivalent of four United States of America. The U.S. agricultural production plant will inevitably shrink and farm incomes will ultimately fall if our farmers don't have a fair chance of selling to this vast new market. And that's the essence of the U.S. goal for the Uruguay Round: We want a world trading environment that will open up markets and give us a chance to go out and compete for them.

We have proposed to accomplish this goal through four basic steps:

--The conversion to tariffs of non-tariff measures and the substantial, progressive reduction of all tariffs affecting agricultural, forestry, and fishery products--with an ultimate goal of zero or very low tariffs.

--A GATT ban on export subsidies for all agricultural products, which would mean they would get the same treatment as industrial products.

--A reform in the way countries support farmers so as to eliminate support tied directly to production and/or prices. And, finally,

--The harmonization of standards involving food safety and animal and plant health and the setting of these standards on the basis of scientific evidence.

While the Uruguay Round is on track insofar as all countries met the December 1989 deadline for submitting negotiating proposals, we still face an enormous challenge in coming up with a final agreement by December 1990 that will allow international markets to function fairly and provide opportunity for farmers and security for consumers.

It is no news that the European Community (EC) and the United States remain wide apart on what needs to be done to reduce the distortion in world agricultural production and marketing. The European Community's proposal to the GATT, submitted just before the deadline in late December, reflects a continued reliance on managed agriculture and on large-scale subsidies, especially export subsidies. In essence, what the EC proposal is telling the world is: If you want to negotiate world market shares with us around a table, we'd be interested. But if you want to compete with us in a world marketplace without trade barriers and subsidies, no thanks.

FAS' role in the Uruguay Round negotiations is to provide the Secretary of Agriculture and the U.S. Trade Representative with the policy and statistical analyses necessary to evaluate the proposals now before the GATT and to assist our negotiators in every way possible to bring the Uruguay Round to a successful conclusion. FAS also has the responsibility for making the necessary linkages with the private sector to gain their insights and input into the Uruguay Round process. Because of the pivotal role of this multilateral trade work, FAS has realigned the resources in its trade policy area to focus on these activities.

In addition to the multilateral negotiations, FAS policy experts and counselors overseas continue to work on a bilateral basis with our key trading partners to reduce the barriers to U.S. agricultural exports and to encourage expanded trade.

JAPAN

A number of trade policy successes in our negotiations with Japan, our No. 1 agricultural market overseas, have led to improved market access for U.S. products. The Beef and Citrus Agreement of 1988 is securing a gradual phaseout of beef and citrus import quotas. The phaseout will be completed for beef in 1991 and for citrus in 1992. The gains have been immediate. Shipments of U.S. beef have more than doubled, reaching a value of $1 billion in fiscal 1989. Sales of single-strength and frozen concentrated orange juice have multiplied several times over, reaching $20 million.

The Beef and Citrus Agreement also stimulated reform of Japanese administration of beef imports, which should continue to help improve import demand.

The concessions obtained in a 1988 GATT agreement with Japan also have led to major gains for 11 categories of processed food products. In fiscal 1989, exports of U.S. ice cream, processed cheese, assorted fruit and tomato juices, dry beans, and canned pineapple increased by over $34 million, representing a 61-percent increase in value from fiscal 1988.

EUROPEAN COMMUNITY

One significant trade policy victory vis-a-vis the European Community in recent months was the adoption of the GATT panel report which determined that the EC's subsidy system for oilseeds discriminates against foreign suppliers. The panel report supported charges by the United States that the EC's oilseed subsidies impaired a 1962 agreement allowing U.S. soybeans to enter the EC duty-free. The panel also ruled that the EC should amend its oilseed regulations to conform with GATT rules, and should pursue solutions to alleviate the damage incurred by the United States. FAS representatives to the GATT in Geneva will be pressing the EC to specify a schedule for implementing the panel's findings.

The United States also continues to press the EC for the elimination of the Portuguese and Spanish soybean oil consumption quotas.

In another development in the past year, the United States successfully prevented the EC's adoption of a new processing subsidy for increased use of grain in compound feeds. This measure would have favored increased use of EC grains to the detriment of imported compound feed ingredients, including oilseeds and corn gluten feed. The United States exported over $3 billion of these products to Europe last year.

The U.S.-EC Enlargement Agreement, which has helped U.S. exporters maintain feed grain sales to Spain and Portugal, will terminate at the end of this year. In July, the current agreement comes up for review. The purpose of this review is to determine whether U.S. trade with Spain and Portugal has developed favorably since EC enlargement. Under the terms of the original agreement, the United States can re-open this issue if the review reveals new actions are necessary to ensure that the United States receives adequate compensation.

With regard to the hormone issue, we still have significant problems although some trade has resumed. As a result of the Interim Measure, we have removed the 100 percent tariff on uncooked hams valued at $300,000 and canned tomato sauce valued at $4.2 million from the retaliation list. Currently, we are working to add dairy meat and offals to the Interim Measure which would allow us to reduce the retaliation list further. However, the EC shows no willingness to remove the hormone ban, and we currently see no viable option for restoring the remainder of the estimated $60 million in trade lost to the U.S. industry.

THE ASIAN NICS

The newly industrialized countries (NICs) of Asia--Korea, Taiwan, Singapore, and Hong Kong--have the potential to eclipse the EC as a regional market in not too many years. Whether they reach their potential, however, is going to depend heavily on how successful we are in reducing trade barriers in Korea and Taiwan.

The May 1989 agricultural agreement with Korea committed that country to open its market to 62 products of interest to the United States by January 1, 1991. In addition, Korea agreed to reduce tariffs on almonds, raisins, cherries, pistachios, alfalfa, avocados, and particleboard; to increase the orange juice quota from 9,000 tons to 15,000 tons; to remove the orange juice blending requirement; to remove phytosanitary barriers for cherries and papayas; and to provide more information concerning import restrictions under its so-called "special laws."

As many of you may know from constituent complaints, we have encountered some problems with the implementation of this agreement. It has taken great effort on the part of our agricultural staff in Seoul, as well as on the part of U.S. trade representatives here in Washington, to see that the Koreans adhere to their commitments in the agricultural area.

The United States also has won a case in the GATT regarding Korea's beef import restrictions. However, even though the Koreans have accepted the GATT panel report, they have told us that they cannot implement the recommendations. As a consequence, we went back to the GATT Council last month expressing our concern over the lack of substantial movement toward a resolution of this matter. We are pursuing a negotiated settlement with Korea before April 27, the deadline established under Section 301 for implementing retaliation.

We also continue to face a number of critical trade issues in Taiwan. As a result of continuing pressure from the United States in recent years, Taiwan has a trade action plan aimed at reducing its trade deficit with the United States. However, progress in the agricultural area has been very slow.

Another emerging issue--which threatens to disrupt sales of apples to Taiwan, our largest overseas apple market--involves a possible requirement to treat U.S. apples for coddling moths. Such a requirement would make U.S. apple sales to Taiwan uneconomical. U.S. apple sales to Taiwan totaled nearly $24 million in fiscal year 1989. Our agricultural representatives in Taipei are watching developments on this issue very closely.

CANADA

Turning our attention to our neighbor to the north, Canada is our third largest agricultural trading partner. The U.S.-Canada Free Trade Agreement (FTA) has been in effect for more than a year now. It is one of the more comprehensive trade agreements ever negotiated between two nations, and provides a forum for further trade liberalization in both tariff and technical areas. For example, an annual negotiation has produced provisional agreement to accelerate the elimination of tariffs on 27 agricultural items. There are a number of additional issues, not all related to the FTA, which we continue to pursue, including Canadian dairy and hatching egg quotas.

SOVIET UNION

The United States and the Soviet Union are currently in the seventh year of what was originally a five-year grain trade agreement set to expire in 1988. Both countries have agreed to extend the agreement through 1990. In the last year, we met with the Soviets and increased the basic 12 million metric ton "consultation trigger" several times. On March 21 and 22 in Vienna, we will hold another round of discussions aimed at a new long-term agreement covering the years 1991-95. Our discussions will include commodities, quantities, competitiveness, and other related topics.

FAS is also very active in USG efforts to prepare and negotiate a commercial trade agreement with the Soviet Union as agreed to at the Malta Summit.

EASTERN EUROPE

In response to the dramatic events in Eastern Europe, FAS is heavily involved in the assistance efforts for Poland and other countries in that region. Our initial effort has focused on an inventory of measures including food aid, development assistance and trade development within the constraint of our existing resources. For example, we are looking at credit guarantees, reimbursable agreements, trade equalization measures, food aid, scientific and technical cooperation, and the work with a variety of organizations--government and private--to focus on agricultural trade to our mutual advantage.

Over the long term, Eastern Europe holds much promise as a market for U.S. farmers. If we can help Poland and the other nations in Eastern Europe restructure their economies, recover from their large foreign debts, and stand on their own feet, they will be in a position to enter the market to purchase, as paying customers, what they need. At the beginning of the 1980's, Eastern Europe was a $2-billion a year market for U.S. agriculture.

With respect to Poland, in particular, the United States has:

- donated $50 million of corn from CCC inventory;
- approved $20 million in concessional financing for the purchase of vegetable oil, rice and cotton;
- donated $10 million of pork bellies; and
- signed a technical assistance agreement to improve Poland's agricultural economy.

We are responding to Poland's needs from both a commercial as well as a food-aid viewpoint.

MARKET DEVELOPMENT

FAS has a major role in keeping agricultural exports healthy. Individual farmers have no practical way to influence foreign buyers, yet are dependent on exports for nearly one out of every three dollars received. The fight for foreign markets continues to be intense among competing nations. The long-term export market development program has been a core activity for the FAS since the agency was created. The Agency works for farmers jointly with over 54 agricultural trade and producer groups, private companies, and state departments of agriculture. The market development program reaches into over 100 countries, helps hold established markets and builds new ones, reduces trade barriers and improves access to markets.

FAS' market development programs have always received strong Congressional support, as illustrated by the substantial increase in promotional resources authorized through the Food Security Act of 1985. To make sure that government resources in the cooperator program continue to be used in the most cost-effective manner, FAS has made program management a major area of review. Emphasis is being placed on increasing marketing plan control over activities, program supervision on the part of Marketing Specialists within FAS, strategic planning, and better financial management of resources. In addition, we have emphasized more frequent reporting and closer communications with cooperators in order to detect emerging problems and develop alternative policy responses to those problems.

With its goal of assisting exports of products affected by foreign unfair trade practices, the Targeted Export Assistance (TEA) program has increased both the scope of market development activities, and the number of organizations we can work with. The effectiveness of the TEA program will be highlighted in the General Sales Manager's testimony.

TRADE SHOW ACTIVITY

One activity in the market development area which I would especially like to highlight for the Committee is the FAS sponsorship of U.S. participation at trade shows. Participation by U.S. firms in our trade fairs program has expanded dramatically over the last three years. In all, FAS sponsored U.S. participation at fifteen major shows in fiscal year 1989. Over 700 U.S. firms were represented at international, U.S. agent, and U.S. solo food shows throughout Europe, the Middle East and the Pacific Rim. Last year at the ANUGA show, which is the world's largest international food show and is held in Cologne, Germany, 220 U.S. firms were represented in the U.S. pavilion. That was more than twice the number of U.S. firms represented at any previous ANUGA show.

FAS is at this moment is actively recruiting U.S. firms for up-coming agricultural trade shows in Australia and France. Shows are being held this spring in Singapore, Hong Kong, Italy, Ireland, and the Netherlands, and we are in the process of evaluating the results from our recent participation at FOODEX' 90 which was just held in Tokyo, Japan.

These shows have become avenues for introducing new U.S. firms and food products into key markets for high-value products. Experimental first-time U.S. solo shows in Asia have, for example, facilitated our understanding of what it will take to introduce new products to consumers in Korea and Taiwan. We have found U.S. firms more willing to test their products in these new markets when they know that the U.S. government is lending a hand.

MARKET INFORMATION

The globalization of the the market for U.S. agricultural products has put a premium on FAS' task of reporting trade and agricultural conditions in other countries, analyzing these data and interpreting the changes for the use of farmers, business, government, and the general public.

The nucleus of our agricultural information system remains the agricultural counselors and attaches overseas. However, we have supplemented the information gathered by our attaches with a remote sensing capability that assists us in getting data on a timely basis in areas not always easily accessible to our attaches. In the past year, for example, our remote sensing capability allowed us to determine very early in the growing season that Soviet Union's spring wheat crop was under stress. We were then able to factor this information into our forecasts of Soviet grain production and probable import needs.

However, gathering data is only part of FAS' information responsibility. In response to the Omnibus Trade and Competitiveness Act of 1988, we are also focusing more attention on outreach. FAS has established a Trade Assistance and Planning Office, to assist producers and exporters who have been hurt by unfair foreign competition in exploring potential avenues of recourse under U.S. trade laws. In addition, during the past year FAS has also met with a number of exporter groups to evaluate the effectiveness of its export services and information products. The result will be improved services and products geared around the concept of improving the profit potential for U.S. exporters.

With food safety concerns gaining greater prominence around the world, FAS has also established a Food Safety Task Force which works with the appropriate agencies within the U.S. government to gather information as needed on various food issues. The task force's goal is to avoid disruption of U.S. exports to all countries due to health and safety concerns and to avoid conflicts by improving communication and implementing swift, coordinated activity to avoid or minimize losses in the event of a crisis.

TRADE AND DEVELOPMENT MISSIONS PROGRAM

Over the past two decades, the developing world has emerged as a major market for food and agricultural products. Its share of total U.S. agricultural exports during this period increased from less than one-third to more than two-fifths.

To explore how U.S. trade and development programs could be used to meet the food and economic needs of developing countries and to further enhance U.S. agricultural trade prospects, Congress authorized the Agricultural Trade and Development Missions Program in December 1987.

Since its inception in January 1988, missions to 13 out of the 16 countries mandated by the Congress have been completed. The final three missions have been scheduled to Pakistan, Bangladesh and India and quarterly progress reports to the Congress will continue throughout 1990.

AGRICULTURAL COUNSELORS AND ATTACHES

In all of the efforts I've discussed, the contributions and support of our agricultural counselors and attaches overseas is invaluable.

Our network of agricultural representatives in 81 U.S. embassies and consulates covering 110 countries around the world has contributed substantially to the success of U.S. export programs and assistance objectives. For example, FAS attaches in Poland and Costa Rica play a pivotal role in assessing the food and agricultural needs of the newly formed Polish and Panamanian Governments. In fact, because of the key role of FAS agricultural representatives in the Polish aid effort, we will be adding one member, on a temporary basis, to the FAS staff in Warsaw.

The Agricultural Trade Offices have greatly strengthened our overseas market development efforts. This network has grown to 15 offices serving Algeria, Bahrain, the People's Republic of China, the Federal Republic of Germany, Iraq, Japan, the Republic of Korea, Nigeria, Saudi Arabia, Singapore, Tunisia, Turkey, the United Kingdom and Venezuela.

This concludes my statement, Mr. Chairman. I will be glad to answer any questions.

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FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83-690 approved August 28, 1954, transferred the agricultural attaches from the Department of State to the Foreign Agricultural Service.

The agency performs the following kinds of service functions:

It maintains a worldwide agricultural market intelligence and commodity reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is done through a continuous program of reporting by 75 posts located throughout the world covering some 110 countries. Reporting includes information and/or data on foreign government policies, analysis of supply and demand conditions, commercial trade relationships and market opportunities. Advanced computer and telecommunications technology is used to improve and speed the flow of information between the posts and Washington.

The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attache reports and subjected to analysis through advanced econometric techniques to generate these estimates.

In addition, the Service uses advanced techniques for identifying, delineating and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer aided analysis of satellite, meteorological, agricultural and related data.

The Service develops foreign markets for U.S. farm products through effective market expansion activities. It provides services to the U.S. and foreign agricultural trade sectors that are necessary to establish, build and maintain overseas markets for U.S. agricultural products. The Agricultural Trade Act of 1978 includes authority to establish up to 25 Agricultural Trade Offices. Currently 15 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups and state export marketing officials in trade promotion.

The Service initiates, directs and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices of other countries that hinder U.S. agricultural exports to third markets.

Headquarters of the Service is in Washington, D.C. Work of the Service is also carried out in 75 posts around the world. As of September 30, 1989, there were 838 permanent full-time employees, 569 in headquarters and 269 in field locations abroad.

FOREIGN AGRICULTURAL SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Foreign Agricultural Service	$95,417,000	732	$101,343,000	723	$103,548,000	723
Obligations under other USDA appropriations:						
Dept. of Interior for Media Cost of Digital Data Tape	21,359	--	20,000	--	20,000	--
Agricultural Marketing Service for Cotton Research...	16,959	--	25,000	--	25,000	--
Agri. Stabilization and Conservation Service for Landsat Data and support of export programs..........	1,777,284	2	2,219,000	2	2,219,000	2
Economic Research Service for Foreign Publication Procurement Program	5,150	--	5,000	--	5,000	--
Departmental Administration for Advisory Committees	153,590	--	160,000	--	160,000	--
Food Safety & Inspection Service for support in Brussels..........	7,955	1	8,000	1	8,000	1
Agricultural Stabilization and Conservation Service for technology service...........	590,945	--	641,000	--	641,000	--
Office of Inspector General for USAEDC Workshop	--	--	1,000	--	1,000	
Total, Other USDA Appropriations....	2,573,242	3	3,079,000	3	3,079,000	3
Total, Agriculture Appropriations....	97,990,242	735	104,422,000	726	106,627,000	726

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Continued

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Non-Federal Funds:						
Information Circulars	150,362	--	137,000	--	137,000	--
User Fees for Attache Reports	74,174	--	75,000	--	75,000	--
User Fees for AIMS Trade Leads	40,611	--	48,000	--	48,000	--
User Fees for Computer Time and Files	2,598	--	3,000	--	3,000	--
Total, Non-Federal Funds	267,745	--	263,000	--	263,000	--
Total, Foreign Agricultural Service	98,257,987	735	104,685,000	726	106,890,000	726

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	735	726	726
Non-ceiling	8	8	8
Total	743	734	734

FOREIGN AGRICULTURAL SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989			1990			1991		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5	3	--	3	3	--	3	3	--	3
ES-4	2	--	2	2	--	2	2	--	2
GS/GM-15	25	--	25	25	--	25	25	--	25
GS/GM-14	45	--	45	45	--	45	45	--	45
GS/GM-13	57	--	57	57	--	57	57	--	57
GS-12	47	--	47	47	--	47	47	--	47
GS-11	48	--	48	48	--	48	48	--	48
GS-9	47	--	47	47	--	47	47	--	47
GS-8	12	--	12	12	--	12	12	--	12
GS-7	60	--	60	60	--	60	60	--	60
GS-6	37	--	37	37	--	37	37	--	37
GS-5	16	--	16	16	--	16	16	--	16
GS-4	13	--	13	13	--	13	13	--	13
GS-3	6	--	6	6	--	6	6	--	6
GS-2	5	--	5	5	--	5	5	--	5
Other Graded Positions	43	124	167	38	124	162	38	124	162
Ungraded Positions.	4	147	151	4	143	147	4	143	147
Total Permanent Positions	470	271	741	465	267	732	465	267	732
Staff-Years:									
Ceiling	465	270	735	460	266	726	460	266	726
Non-Ceiling	8	0	8	8	0	8	8	0	8
TOTAL	473	270	743	468	266	734	468	266	734

FOREIGN AGRICULTURAL SERVICE

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters	$17,843,542	$18,176,000	$19,133,000
Field	11,571,460	12,301,000	13,553,000
11 Total personnel compensation	29,415,002	30,477,000	32,686,000
12 Personnel benefits	5,949,144	6,056,000	6,487,000
13 Benefits for former personnel	72,725	311,000	311,000
Total pers. comp. & benefits	35,436,871	36,844,000	39,484,000
Other Objects:			
21 Travel	3,132,342	3,342,000	3,416,000
22 Transportation of things	1,105,198	1,145,000	1,085,000
23.2 Rental payments to others................	5,714,991	6,055,000	6,037,000
23.3 Communications, utilities, and misc. charges...............	1,846,287	2,217,000	2,337,000
24 Printing and reproduction	943,501	1,187,000	993,000
25 Other services	44,260,090	47,464,000	47,159,000
26 Supplies and materials...	1,317,448	1,507,000	1,517,000
31 Equipment	1,319,208	1,569,000	1,507,000
42 Insurance claims and indemnities	12,542	13,000	13,000
Total other objects	59,651,607	64,499,000	64,064,000
Total direct obligations.	$95,088,479	$101,343,000	$103,548,000
Position Data:			
Average Salary, ES positions	$77,208	$79,987	$97,545
Average Salary, FO positions	$60,613	$67,604	$73,070
Average Salary, GM/GS positions	$33,865	$35,084	$36,312
Average Grade, GM/GS positions	9.9	9.9	9.9

FOREIGN AGRICULTURAL SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Foreign Agricultural Service:

For necessary expenses of the Foreign Agricultural Service, including carrying
out title VI of the Agricultural Act of 1954, as amended (7 U.S.C. 1761-1768),
market development activities abroad, and for enabling the Secretary to
coordinate and integrate activities of the Department in connection with
1 foreign agricultural work, including not to exceed [$110,000] $135,000 for
representation allowances and for expenses pursuant to section 8 of the Act
approved August 3, 1956 (7 U.S.C. 1766), [$102,529,000] $103,548,000:
Provided, That this appropriation shall be available to obtain statistics and
related facts on foreign production and full and complete information on
methods used by other countries to move farm commodities in world trade on a
competitive basis.

[Agricultural Trade Missions]

2 [For necessary expenses for agricultural aid and trade missions as authorized by Public Law 100-202, $200,000.]

The first change in the language would increase the annual limitation on representation expenses by $25,000. This increases is necessary to meet the expanded representational requirements associated with the Uruguay Round of Multilateral Trade Negotiations and to offset the impact of overseas inflation. The current limitation of $110,000 has remained unchanged since fiscal year 1983.

The second change proposes deletion of the language included in the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1990, making funds available for agricultural aid and trade missions as authorized by Public Law 100-202. As the trade mission requirements of Public Law 100-202 will be fulfilled by the end of fiscal year 1990, this language is no longer necessary.

FOREIGN AGRICULTURAL SERVICE

Appropriation Act, 1990		$102,729,000
Budget Estimate, 1991		103,548,000
Increase in Appropriation		+ 819,000
Adjustments in 1990:		
Appropriation Act, 1990	$102,729,000	
Gramm-Rudman-Hollings Reduction (PL 99-177)	-1,386,000	
Adjusted base for FY 1990		101,343,000
Budget Estimate, 1991		103,548,000
Change from adjusted 1990		+ 2,205,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Foreign Agricultural Affairs	$31,848,000	+ $246,000	+$1,100,000	$33,194,000
Foreign Market Information and Access	15,840,000	+ 225,000	--	16,065,000
Foreign Market Development	53,655,000	+ 102,000	+ 532,000	54,289,000
Total Available	101,343,000	+ 573,000	+ 1,632,000	103,548,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual		1990 Estimated		Increase	1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years		Amount	Staff-Years
1. Foreign Agricultural Affairs	$27,447,648	309	$31,848,000	305	+ $1,346,000 (1)	$33,194,000	305
2. Foreign Market Information and Access	14,641,129	235	15,840,000	232	+ 225,000 (2)	16,065,000	232
3. Foreign Market Development	52,999,701	188	53,655,000	186	+ 634,000 (3)	54,289,000	186
Unobligated balance	328,522		--		--	--	
Total available or estimate	95,417,000	732	101,343,000	723	+ 2,205,000	103,548,000	723
Gramm-Rudman-Hollings reduction	--	--	1,386,000	--			
Total, Appropriation	95,417,000	732	102,729,000	723			

EXPLANATION OF PROGRAM

The Foreign Agricultural Service appropriation funds the activities authorized by the Agricultural Act of 1954 (P.L. 690), as amended, and the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as amended. The activities carried out are as follows:

FOREIGN AGRICULTURAL AFFAIRS - This program area conducts activities contributing to five major objectives. The objectives and their respective workload and achievement indices are as follows:

1. Collecting, interpreting and analyzing marketing, economic and trade information from foreign areas essential to the administration of U.S. foreign agricultural policies and programs; this information is disseminated to farmers for use in planning and marketing decisions. Counselors and attaches submit approximately 5,000 reports annually on production, marketing, economic and trade information.

2. Providing guidance and field supervision to cooperators implementing market development and related projects overseas. Annually, counselors and attaches provide over 4,000 trade leads and write more than 52,000 letters responding to inquiries regarding U.S. and host country agriculture.

3. Representing global U.S. agricultural trade policy interests, with particular emphasis on obtaining improved access for U.S. farm exports. An estimated 1,100 special trade access communications are sent each year containing direct support for the U.S. export trade.

4. Contributing mission support including guidance and assistance to agricultural development programs in less-developed friendly countries. As members of Embassy country teams, attaches and counselors provide technical gaidance on U.S. agricultural developments.

5. Providing representation at international meetings, assistance to U.S. delegates attending international agricultural fora, and service to other USDA agency programs.

FOREIGN MARKET INFORMATION AND ACCESS - This activity consists of three program areas--international agricultural statistics, commodity programs, and international trade policy. These functions, their related objectives, and their respective workload and achievement indices are discussed below.

The program areas prepare and disseminate approximately 130 commodity circulars covering over 100 commodities, 12 World Agricultural Production reports, 4 issues of the Outlook for U.S. Agricultural Exports published jointly with the Economic Research Service, the monthly Agricultural Trade Highlights and make a major contribution to the USDA's 12 World Agricultural Supply and Demand Estimates reports. In addition to published documents, numerous current information reports and ad hoc analyses are prepared for internal use by the Administrator and other high level officials. These reports include the Desk Top Guide to U.S. Agricultural Trade, the country financial risk analysis for potential countries eligible for GSM credit programs, and daily/weekly commodity Price and Key Developments reports and the weekly Export Enhancement Program update report.

1. International Agricultural Statistics - This program area conducts activities contributing to six major objectives to support the development and expansion of foreign agricultural markets. The objectives addressed and their workload and achievement indices are as follows:

   a. Providing American farmers, traders, agribusiness leaders, and policy makers with timely estimates and forecasts of world agricultural production. This area also provides primary input to commodity program operations and prepares the monthly World Agricultural Production report. This ongoing program involves preparation of monthly estimates of major field crops, biannual estimates of horticultural and tropical crops and annual estimates of forest products and livestock production.

b. Providing analysts and counselors/attaches with current information on the existence, extent, and probable impact of weather-related events on foreign crop conditions.

c. Improving the quality and timeliness of agricultural counselor/attache reporting and exchanging of information between Washington-based analysts and overseas counselors/attaches; and substantially increasing the timeliness of information to the U.S. trade using the Global Economic Data Exchange System.

d. Providing American farmers, traders, agribusiness leaders, and policy makers with information on U.S. and foreign trade, economic indicators, and tariff and other restrictions affecting trade.

e. Monitoring and reporting on exports of selected U.S. agricultural commodities.

f. Providing agency-wide ADP support to enhance the overall FAS mission of expanding agricultural exports.

2. Commodity Programs - This program area conducts activities contributing to four major objectives. The objectives addressed and, where feasible, their respective workload and achievement indices are as follows:

a. Providing American farmers, traders, and agribusiness leaders with timely and accurate information on world supply and demand of U.S. agricultural products. Data analyses of factors such as trade potential, prices, supply, consumption, and overall demand are conducted by commodity specialists. The impact these factors have upon U.S. agricultural exports and market development activities are a particular focus of the commodity programs area. These analyses are distributed on a timely basis to the U.S. agricultural community through FAS circular publications, participation in trade and business conferences and meetings, and U.S. trade organizations.

b. Providing U.S. Government policymakers adequate information with which to make decisions regarding U.S. and international agricultural interests. Advanced economic analyses are conducted to examine the data and produce short-term commodity forecasts, commodity status summaries and market potential assessments on a country and area basis. These data are utilized as key inputs in the decisionmaking process regarding domestic farm policies, foreign trade negotiations and agreements, and market development programs.

c. Fulfilling U.S. legislative requirements:

(1) Day-to-day administration of the Meat Import Act (P.L. 96-177) in cooperation with the U.S. Customs Service and such other special actions as are necessary.

(2) Import licensing for certain dairy products subject to quotas proclaimed under authority of Section 22 of the Agricultural Adjustment Act of 1935 and administration of certain aspects of non-licensed dairy quotas.

(3) Administration of quota cheese pricing limitations prescribed in Section 702 of the Trade Agreements Act of 1979 (P.L. 96-39).

(4) Analysis and evaluation of the role of sugar in world trade patterns.

(5) Market development and commodity analysis for the Targeted Export Assistance Program prescribed in Section 1124 of the Food Security Act of 1985 (P.L. 99-198.)

(6) Market development and commodity analysis for the Export Enhancement Program.

d. Providing support and services to an export expansion effort conducted in cooperation with commodity associations, State Departments of Agriculture and private exporters to the benefit of the U.S. agricultural sector. Special studies are made on a country, region, and world basis for assigned commodities to identify market opportunities, to determine the likely impact of competition from other countries, and to strategically plan promotional activities to enhance U.S. agricultural exports. Virtually every U.S. farm product entering world trade is promoted by one of the market development activities supported by commodity programs.

The information contained in these analyses is collected via a comprehensive agricultural attache reporting system, analyzed in a timely manner, and promptly reported to domestic producers, exporters, policymakers, the public and other interested users. Particular emphasis is placed on disseminating current information on foreign market situations and forecasting trends in foreign agricultural supply and demand.

Special studies are made on a country, area, foreign and world basis for assigned commodities to identify market opportunities, and determine the likely impact of competition from other commodities and countries on U.S. exports. Also, economic analyses are made covering weekly reports submitted by exporters showing their shipments to date and outstanding sales.

3. International Trade Policy - This program area conducts activities contributing to the following major objectives:

a. Supporting bilateral and multilateral representations focused on reducing trade barriers to U.S. agricultural exports and preserving concessions obtained in trade negotiations.

b. Initiating and supporting work activities on trade and commodity issues that arise in international fora such as GATT, OECD, UNCTAD and FAO so as to facilitate U.S. agricultural exports.

c. Administering U.S. agricultural import policies under Section 22 and other domestic legislation in ways which will be consistent with the purposes and requirements of the statutes and will minimize the effects of U.S. import restrictions upon FAS efforts to expand U.S. agricultural exports.

d. Supporting the development of new U.S. legislation to facilitate U.S. exports or defend U.S. producers against unfair trade practices and harmful competition.

e. Conducting analysis of the forces affecting trade in individual country markets and making such data available to interested U.S. exporters.

f. Providing support to the United States Trade Representative (USTR) in conducting and implementing results of trade negotiations and in managing domestic complaint mechanisms.

g. Maintaining a Technical Office to help protect U.S. rights under the Standards Code, providing information on Code benefits, and helping citizens to comment on foreign proposals for new standards-related laws.

h. Assisting agricultural exporters who need foreign market information as well as those who believe they have been injured by unfair trade practices, and coordinating reports on long-term trade strategy, foreign agricultural export assistance, and market opportunities for U.S. agricultural exporters through the recently established Trade Assistance and Planning Office.

FOREIGN MARKET DEVELOPMENT - Provides funding so that industry groups working in concert with FAS, or FAS working alone, may conduct market development activities. The major objectives and applicable achievements are as follows:

1. Enabling U.S. producers and other sectors of the U.S. economy to jointly and systematically develop and expand overseas markets. In 1954, the Foreign Agricultural Service (FAS) was authorized to begin using foreign currencies generated by the Public Law 480 programs to finance overseas market promotion activities for U.S. farm commodities. Since that time, FAS has spent about $508 million to finance the foreign market development program, which has significantly contributed to the increase in U.S. farm exports from $3.1 billion in fiscal year 1955 to $39.7 billion in fiscal year 1989. The program is jointly sponsored with nonprofit private trade and producer associations in this country (U.S. cooperators) who have generated an estimated $960 million in contributions to more than match the $508 million contributed by FAS.

   Under the auspices of FAS' long-term Foreign Market Development program, FAS is currently participating with 46 cooperators, four state organizations (covering 47 states and 3 territories) and the National Association of State Departments of Agriculture in sponsoring continuous and long-term projects. FAS also assists supporting 56 permanently staffed cooperator offices overseas which conduct promotion activities in more than 130 foreign markets.

   Complementing the long-term Foreign Market Development program is the Targeted Export Assistance (TEA) program mandated by the Food Security Act of 1985. The TEA program provides promotional assistance to those U.S. agricultural commodities and products whose exports have been hurt by unfair foreign trade practices. Since the inception of the TEA program, the number of nonprofit agricultural trade associations and U.S. private firms has grown to a total of 80 program participants, of which 35 program participants are new to joint industry-government market development programs. An additional 75 U.S. private firms are also expected to participate in the TEA program during fiscal year 1990 through four regional state organizations as part of a high value export incentive program that promotes processed, brand identified products. During the first five years of the TEA program (1986-1990), $730 million was allocated to 75 organizations to partially reimburse the costs of conducting over 5,000 activities worldwide.

2. Conducting trade fairs and food exhibits to enhance the image of U.S. food products overseas by using product displays, point-of-purchase activities to draw consumer attention to quality U.S. food products, sales teams, and providing other assistance designed to link potential buyers with U.S. exporters.

3. FAS has established Agricultural Trade Offices in the major markets of South America, Europe, Africa, Asia and the Middle East, to help U.S. exporters compete by supplying up-to-the-minute information on potential customers and promotional opportunities. U.S. exporters or representatives of trade associations, export cooperatives or state departments of agriculture use these trade offices as home bases while overseas. There are currently fifteen Agricultural Trade Offices located in London, England; Hamburg, West Germany; Singapore; Seoul, Korea; Manama, Bahrain; Caracas, Venezuela; Lagos, Nigeria; Beijing and Guangzhou, the People's Republic of China; Tunis, Tunisia; Jeddah, Saudi Arabia; Algiers, Algeria; Baghdad, Iraq; Istanbul, Turkey; and Tokyo, Japan.

REVIEWS COMMENCED DURING FY 1989

GAO Reviews

Code 483503	Competitor Market Promotion Activities for High Value Agricultural Products	Review of market development activities of other countries

Code 483508	Implication of Changes in Soviet Agricultural Reforms on U.S. Agricultural Export Activities	Study of Soviet reforms on U.S. trade practices
Code 483514	Assessment of the Interrelationship of U.S. Commercial Agricultural Export and Food Aid Programs	Review of USDA commercial and concessional programs
Code 308803	Mandated Use of Ethanol	Analysis of impact on agriculture and trade
Code 29173	Review of Progress Towards Goals of 1985 Farm Bill	Summary of USDA actions to implement 1985 Farm Bill
Code 483513	Issues Associated With the Export of U.S. Tobacco and Tobacco Products	Review of tobacco export policies and programs
Code 022955	Effectiveness of Quota Controls to Limit Imported Dairy Products	Review of program effectiveness
Code 917108	Review of Sensitive Payments	Review of payments made to selected agency and USDA officials
Code 097759	Meat Imports From Canada	Review of implementation of Canadian FTA
Code 483516	How the U.S. Government Manages Trade Issues	Review of USDA trade policy administration
Code 483530	Potential For Expansion of Agricultural Trade Between U.S. and Mexico	Study of policy alternatives

OIG Reviews

07099-23-Hy	Audit of FAS Foreign Operations and Currency Use Payments	Review of agency program administration
07020-3-Hy	Foreign Market Development	Audit of agency program administration
07099-24-Hy	Compliance Review Program	Audit of agency compliance activities
07099-1-Hy	Sugar Program	Audit of agency program administration

REVIEWS COMPLETED DURING FY 1989

GAO Reviews

Code 97737	Overview of State Agricultural Marketing Initiatives	Review of marketing programs of various states
Code 483417	Review of Alternative Grain Trading Practices	Review of market trading
Code 29173	Review of Progress Towards Goals of 1985 Farm Bill	Summary of USDA actions to implement 1985 Farm Bill

Code 483450	Review of Long-Term Bilateral Grain Agreements and Countertrade; and U.S. LBGA's With USSR and PRC	Review of effectiveness and accomplishments of trade agreements
Code 483431	INTERNATIONAL TRADE: Review of the FAS Attache Service	Review of agency administration of foreign activities
Code 022955	DAIRY IMPORTS: Issues Related to Chocolate Products	Review of policy alternatives
Code 472160	Review of U.S. Economic Assistance to Central America	Survey of assistance extended to Central America

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $1,346,000 for Foreign Agricultural Affairs ($31,848,000 available in FY 1990) consisting of:

(a) An increase of $1,100,000 for increased costs of overseas operations.

Need for Change. As the result of higher overseas wage and price increases, it is estimated that the costs of operating and maintaining the 60 FAS Agricultural Attache Offices will increase by approximately 7 percent in FY 1991.

Nature of Change. The additional funding will be allocated to FAS overseas posts to offset expected increases in the cost of foreign national salaries and benefits, rents, and the payment to the U.S. Department of State for overseas administrative support.

(b) An increase of $246,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay rise is being absorbed.

(2) An increase of $225,000 for Foreign Market Information and Access ($15,840,000 available in FY 1990) which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise is being absorbed.

(3) An increase of $634,000 for Foreign Market Development ($53,655,000 available in FY 1990) consisting of:

(a) An increase of $532,000 for increased costs of overseas operations.

Need for Change. As the result of higher overseas wage and price increases, it is estimated that the costs of operating and maintaining the 15 FAS Agricultural Trade Offices will increase by approximately 7 percent in FY 1991.

Nature of Change. The additional funding will be allocated to FAS overseas posts to offset expected increases in the cost of foreign national salaries and benefits, rents, and the payment to the U.S. Department of State for overseas administrative support.

(b) An increase of $102,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise is being absorbed.

Foreign Agricultural Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia...	$28,923,356	462	$33,803,000	457	$33,283,000	457
Overseas	66,165,122	270	67,540,000	266	70,265,000	266
Total, Available or Estimate	95,088,478	732	101,343,000	723	103,548,000	723

FOREIGN AGRICULTURAL SERVICE

STATUS OF PROGRAM

Despite supply shortages due to the 1988 drought as well as keen competition in world markets, U.S. agricultural exports recorded a good year. Benefiting from rather favorable currency exchange rates and relatively strong world economic growth, U.S. farm export value increased for the third straight year. Fiscal year 1989 exports of $39.7 billion is the highest level since the record $43.8 billion in fiscal year 1981. With prices for grains and oilseeds well above year-earlier levels and high-value exports setting a record high, the value of U.S. farm exports jumped $4.2 billion. However, the volume of U.S. farm exports, at 147.8 million tons, was slightly below that of fiscal year 1988. Expanded exports have been a major factor in reducing stocks and increasing commodity prices.

Current Activities: To help stem a decline in exports, the Food Security Act of 1985 endorsed several export assistance programs to counter the effects of unfair trade practices on the part of our competitors. Under the Targeted Export Assistance (TEA) program, FAS helps promote the export of U.S. agricultural commodities that have been injured because of unfair foreign trade practices. FAS works with representative nonprofit agricultural trade associations and U.S. private firms to promote U.S. products in joint industry-government projects in foreign markets. In fiscal year 1989, USDA announced allocations totaling $200 million to conduct promotional activities for 47 commodity programs in more than 100 foreign markets. The TEA program will continue in fiscal year 1990 at the fiscal year 1989 level of $200 million.

For fiscal year 1990, up to $566 million in commodity certificates could be made available by the Commodity Credit Corporation (CCC) as bonuses in the Export Enhancement Program (EEP), which uses CCC-owned stocks to make U.S. commodities more competitive in the world marketplace. Through the end of fiscal year 1989, about $2.6 billion had been provided to U.S. exporters in bonuses under this program.

A number of significant accomplishments in trade policy also have helped the U.S. trade situation. The GATT Contracting Parties took a major step toward reform of world agriculture in the Uruguay Round of multilateral trade negotiations with their approval of a Mid-Term Agreement for Agriculture last April. The agreement calls for substantial progressive reductions in agricultural support and protection. The United States initiated GATT dispute settlement proceedings against the EC oilseeds and protein regime and won its GATT case against Canadian ice cream and dairy quotas. EC attempts to establish a socio-economic needs criterion for its biotech regulatory review process were successfully countered by U.S. Government opposition. The United States and Mexico have established technical working groups to help both sides resolve problems that impede agricultural trade across the border. The United States initiated and won a case against Korean restrictions on beef imports, and tariff reductions were negotiated on numerous agricultural products with Korea, Taiwan and Thailand.

FAS, through the Office of the General Sales Manager, continues to use its credit guarantee programs, P.L. 480 and other food assistance programs to help developing nations and the world's needy. The CCC export credit guarantee programs play a critical role in helping to assure the availability of short-and intermediate-term credit to finance commercial U.S. agricultural exports. In fiscal year 1989, agricultural commodities with an export sales value of $5.2 billion were registered for export under the credit guarantee programs to 40 different importing countries. These programs encompassed 44 different commodities. The P.L. 480 program provided food assistance to needy people around the world through the donation of commodities valued at $472 million (excluding transportation costs) and $638 million of commodities provided through concessional long-term repayment provisions. In addition, 1.0 million metric tons of commodities were approved for donation overseas under the Section 416(b) program.

SUMMARY OF AGRICULTURAL TRADE

U.S. agricultural trade - Fiscal Year 1990. Initial export forecasts indicate a downturn in U.S. agricultural exports for fiscal year 1990, to $38 billion and 145.5 million metric tons (MMT). These figures are down 4 percent in value and 2 percent in volume from final fiscal year 1989 figures of $39.7 billion and 147.8 MMT--the first decline in value since fiscal year 1986. U.S. agricultural imports are forecast at $21 billion, down 2 percent from fiscal year 1989's total. The U.S. agricultural trade surplus is forecast at $17 billion, down $1.2 billion from fiscal year 1989.

Table 1: U.S. Agricultural Trade, Fiscal Years 1985-1990

	1985	1986	1987	1988	1989	1990 Forecast
	(Billion Dollars)					
Exports	31.2	26.3	27.9	35.5	39.7	38.0
Imports	19.8	20.9	20.6	21.0	21.5	21.0
Trade Balance	11.4	5.4	7.3	14.5	18.2	17.0
Export Volume	125.8	109.5	129.2	148.3	147.8	145.5

The primary reasons behind the expected decline in the value of fiscal year 1990 agricultural exports are lower prices within the grains and oilseeds complex--namely corn, soybeans, and soybean meal--due to increased supply and recovery from last year's drought. While the value of total agricultural exports and the "big ticket" commodities described above are forecast to decline in fiscal year 1990, a number of products are expected to rise--some to record levels--including many consumer-oriented products. In fact, consumer-oriented products, as a whole, are expected to reach a record $10.4 billion.

Agricultural Exports:

The volume of U.S. wheat and flour exports is forecast to drop by 4.7 million tons (12 percent) to 34.3 million tons due to smaller global imports and increased competition, especially from Canada. EC wheat exports are forecast to match last year's record 21 million tons. U.S. wheat prices for the 1989/90 crop year are forecast to rise due to smaller supplies and relatively large use.

U.S. coarse grain export volume is forecast up in fiscal 1990, to 63.5 million tons from last year's 61 million ton level. Global demand for corn is forecast to rise 10 percent as the Soviet Union and South Korea continue to expand corn use. However, increased exportable supplies in the United States have helped dampen corn prices. As a result, the U.S. export value of corn is expected to decline to $5.9 billion in fiscal 1990 from $6.1 billion in 1989.

Rice export volume is expected to slip by more than 500,000 tons due to lower world imports, and falling prices are expected to help reduce export value to $800 million, compared with $956 million in 1989. Importers appear to be waiting on the sidelines as the prospect of lower prices, brought on by larger exportable supplies in Vietnam and Thailand, becomes more apparent.

Within the oilseeds complex, an 11-percent increase is expected in soybean exports which should total about 15.7 million tons in 1990 as worldwide use increases. However, a 26-percent drop in prices due to recovery from last year's drought is projected to result in a $700 million drop in soybean export value to $3.4 billion. Soybean meal export volume is expected to match fiscal 1989's 4.6 million tons, but with export prices expected to dip by 30 percent, a decline of $400 million in value is forecast.

Cotton export volume is forecast to rise to 1.7 million tons, up sharply from 1989 levels. This comes despite lower production in 1989/90 and will result in a sharp drawdown in U.S. stocks. The export value of cotton is expected to rise to $2.7 billion, a $600 million gain from 1989.

The fiscal 1990 forecast for unmanufactured tobacco exports of $1.3 billion is up slightly from 1989's $1.27 billion.

Livestock, dairy, and poultry exports are expected to remain at fiscal 1989's record $6.6 billion in fiscal 1990, as increased beef exports offset reduced exports of hides and skins.

Horticultural products are expected to rise to record levels of $4.4 billion, up about $240 million from 1989. The expected increase is attributed to larger exports of fresh and processed fruits and vegetables, tree nuts, wines, and malt beverages. Continued strong demand from Pacific Rim countries, especially Japan and the newly industrialized Asian countries of South Korea, Taiwan, Singapore, and Hong Kong, is the major reason behind this projected growth.

Top Markets:

Japan replaced the European Community (EC) as the No. 1 market for U.S. farm products in fiscal 1989, and is expected to expand its lead over the EC in 1990, with sales to that country forecast to match last year's record $8.2 billion. The EC has sharply curtailed its purchases of U.S. soy products within the past year. In addition, the EC hormone ban resulted in some shrinkage of red meat exports to this regional market in fiscal year 1989 that will likely continue into 1990. These developments are expected to result in another drop in U.S. exports to the EC in 1990, to $6.1 billion from $6.6 billion in fiscal year 1989.

The "Top 10" markets are expected to account for more than 75 percent of total U.S. agricultural exports in fiscal year 1990. Iraq is expected to register the largest value increase in absolute value terms, rising by an estimated $109 million, or 14 percent. The rise in sales to Iraq is attributable to an increase in the extension of GSM export credit guarantees. Exports to Eastern Europe are expected to increase 18 percent to $500 million, due to recent developments which favor maintaining supplies of consumer goods. The largest sales declines are expected to the European Community, Mexico and China, down $500, $800, and $300 million respectively. Improved weather conditions in Mexico are expected to increase the coming harvest, resulting in a decline in import demand. The expected dip in shipments to China is due largely to a reported record harvest this year, which should lessen that country's dependence on imported agricultural products in 1990.

Table 2: Top Ten U.S. Agricultural Export Markets, Fiscal Years 1989 and 1990

	1989	1990 Forecast	% Change
	---(Billion dollars)---		
Japan	8.2	8.2	+1
EC-12	6.6	6.1	-7
South Korea	2.5	2.5	+2
Soviet Union	3.3	3.2	-3
Mexico	2.8	2.4	-13
Canada 1/	2.2	2.2	+1
Taiwan	1.6	1.5	-6
China (PRC)	1.5	1.2	-20
Egypt	1.0	1.0	+5
Iraq	0.8	0.9	+14

1/ In recent years, U.S. agricultural exports to Canada have been underreported by an estimated $1 billion. This discrepancy is officially recognized by both governments.

Source: "Outlook for U.S. Agricultural Exports," final fiscal year 1989 figures and fiscal year 1990 forecasts.

Agricultural Imports:

U.S. agricultural imports in fiscal year 1990 are forecast at $21 billion, down $500 million from fiscal year 1989. Despite declines in the value of noncompetitive imports, competitive product imports--especially fruits and vegetables--continue at a strong pace. The recent cancellation of the international marketing agreements for coffee and cocoa have resulted in sharp worldwide price declines in these products, which are the principal noncompetitive imports.

Imports of fruits and vegetables accounted for most of the increase in competitive imports in fiscal year 1989. Fruit and vegetable imports have recently been trending upward due to larger imports from Latin America. There is no reason to expect a reversal of this trend, as most of these countries continue to experience economic problems and depend on the United States and other industrial nations to buy their agricultural products to meet external debt obligations.
Oilseed product imports for fiscal year 1990 are projected at $900 million, down 5 percent from the fiscal year 1989 total. The decline is attributable to lower vegetable oil imports.

Livestock products are forecast to total $4.9 billion, little changed from 1989.

Table 3: U.S. Agricultural Exports, Value by Commodity, Fiscal Years 1986-90

Commodity	1986	1987	1988	1989	Official Forecast 1990
	(Billion Dollars)				
Grains and Feeds........	9.7	9.3	12.7	17.0	15.6
Wheat and Flour.......	3.5	3.1	4.6	6.3	5.4
Coarse Grains 1/......	3.8	3.7	5.2	7.4	6.7
Corn 2/............	3.3	3.0	4.3	6.1	5.9
Rice.................	0.6	0.6	0.7	1.0	.8
Oilseeds and Products...	6.5	6.5	8.0	6.8	5.7
Soybeans.............	4.2	4.2	5.1	4.1	3.4
Soybean Cake and Meal.	1.1	1.3	1.5	1.3	0.9
Soybean Oil..........	0.3	0.2	0.4	0.4	0.3
Livestock and Products..	3.5	4.0	4.9	5.4	5.3
Poultry and Products....	0.5	0.6	0.6	0.7	0.7
Dairy Products..........	0.4	0.5	0.5	0.5	0.6
Horticultural Products..	2.7	3.2	3.8	4.2	4.4
Tobacco................	1.3	1.2	1.3	1.3	1.3
Cotton and Linters......	0.7	1.4	2.1	2.1	2.7
Seeds..................	0.4	0.4	0.4	0.5	0.5
Sugar and Tropical Prod.	0.8	0.9	1.0	1.2	1.3
Total Exports.....	26.3	27.9	35.5	39.7	38.0
Total Imports.....	20.9	20.6	21.0	21.5	21.5
Trade Balance.......	5.4	7.3	14.5	18.2	17.0

1/ Includes corn, oats, barley, sorghum and rye and products.
2/ Excludes products.

NOTE: Totals may not add due to rounding.

Source: Fiscal Years 1986-1988 data from U.S. Bureau of the Census; Fiscal Year 1989 and Fiscal Year 1990 forecast from "Outlook for U.S. Agricultural Exports."

Table 4: U.S. Agricultural Exports, Volume by Commodity, Fiscal Years 1986-1990

Commodity	1986	1987	1988	1989	Official Forecast 1990
	------------(Million Metric Tons)------------				
Wheat..................	25.5	28.2	40.5	37.8	33.0
Flour	1.1	1.4	1.2	1.2	1.3
Coarse Grains 1/.......	36.3	47.7	53.2	61.0	63.5
Corn 2/.............	31.1	39.3	44.0	50.6	55.0
Feeds, Ingredients & Fodders...........	8.2	10.0	11.1	11.0	11.4
Rice...................	2.4	2.5	2.2	3.1	2.5
Soybeans...............	20.1	21.3	21.0	14.1	15.6
Soybean Cake & Meal....	5.5	6.7	6.2	4.7	4.6
Soybean Oil............	0.6	0.5	0.9	0.8	0.7
Sunflowerseed..........	0.4	0.3	0.3	0.1	0.1
Sunflowerseed Oil......	0.2	0.2	0.3	0.2	0.2
Other Oilcake & Meal...	0.1	0.2	0.2	0.2	0.2
Beef, Pork and Variety Meat.........	0.4	0.5	0.6	0.8	0.8
Poultry Meat...........	0.3	0.4	0.4	0.5	0.5
Animal Fats............	1.3	1.2	1.3	1.4	1.4
Tobacco................	0.2	0.2	0.3	0.3	0.2
Cotton and Linters.....	0.5	1.3	1.4	1.5	1.7
Horticult. Products....	2.7	3.0	3.6	3.8	3.9
Other 3/	3.7	3.6	3.7	4.5	3.9
Total Exports 3/...	109.5	129.2	148.3	147.8	145.5

1/ Includes corn, oats, barley, sorghum and rye and products.
2/ Excludes products.
3/ Includes only those commodities measured in metric tons.

NOTE: Totals may not add due to rounding.

Source: Fiscal Years 1986-1987 data from U.S. Bureau of the Census; Fiscal Years 1988-1989 and Fiscal Year 1990 forecasts are from "Outlook for U.S. Agricultural Exports."

Table 5: U.S. Agricultural Exports, Value by Region, Fiscal Years 1986-1990 1/

Commodity	1986	1987	1988	1989	Official Forecast 1990
	-----------------(Billion	Dollars)	-------------		
Western Europe	6.9	7.2	8.0	7.1	6.6
European Community 2/	6.5	6.8	7.5	6.6	6.1
Other Western Europe	0.4	0.4	0.5	0.5	0.5
Eastern Europe	0.4	0.5	0.6	0.4	0.5
USSR	1.1	0.7	1.9	3.3	3.2
Asia	10.5	11.9	15.9	18.8	18.2
Middle East 3/	1.2	1.7	1.9	2.3	2.2
Japan	5.1	5.5	7.3	8.2	8.2
China	0.1	0.2	0.6	1.5	1.2
NIC's 4/	2.5	3.6	4.4	4.6	4.5
Other Asia 5/	1.6	0.9	1.7	2.2	2.1
Canada	1.5	1.8	2.0	2.2	2.2
Africa	2.1	1.8	2.3	2.3	2.3
North Africa 6/	1.4	1.3	1.7	1.8	1.8
Sub-Saharan Africa	0.7	0.5	0.6	0.5	0.5
Latin America	3.6	3.8	4.4	5.4	5.1
Mexico	1.1	1.2	1.7	2.8	2.4
C. America & Caribbean	1.1	1.2	1.3	1.3	1.0
South America	1.4	1.4	1.4	1.4	1.0
Oceania	0.2	0.2	0.2	0.3	0.3
TOTAL	26.3	27.9	35.5	39.7	38.0
Developed Countries 7/	14.0	15.0	18.0	18.0	17.5
Less Developed Countries	10.7	11.5	14.4	16.4	15.6
Centrally Planned Countries	1.6	1.4	3.1	5.2	4.9

1/ Data are adjusted for transshipments through Canada and Western Europe.
2/ Includes Spain and Portugal.
3/ Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Gaza Strip, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Yemen (Sana), Yemen (Aden), Oman and Bahrain.
4/ Korea, Taiwan, Singapore, and Hong Kong.
5/ Afghanistan, India, Pakistan, Nepal, Bangladesh and Sri Lanka. Mongolia, Burma, Thailand, Vietnam, Laos, Malaysia, Indonesia, Brunei, Philippines, Macao, and Cambodia.
6/ Morocco, Algeria, Tunisia, Libya and Egypt.
7/ Western Europe, Japan, Canada and Oceania.

Source: Fiscal Years 1985-1988 data from U.S. Bureau of the Census; Fiscal Year 1989 and Fiscal Year 1990 forecast are from "Outlook for U.S. Agricultural Exports."

FOREIGN MARKET DEVELOPMENT

1. United Kingdom Supermarkets Identify Soy Margarine. The competitive price and physical properties of soybean oil had succeeded in capturing a major share of the United Kingdom margarine sales. However, United Kingdom subsidies for rapeseed and sunflowerseed oils created huge supplies of these oils at competitive prices, jeopardizing the market for soybean oil. Therefore, the American Soybean Association initiated a Targeted Export Assistance (TEA) program to convince United Kingdom margarine manufacturers that consumer demand could be created for an identified soy margarine sold at a premium price. Television and press ads in conjunction with a targeted public relations effort raised consumer awareness of soy margarine from approximately 11 percent in October 1988, to 28 percent six months later in one advertising region and, more importantly, convinced five of the six leading supermarket chains in the United Kingdom to introduce their own label of soy margarine.

2. Greek Firms Promote Soybean Oil. Prior to 1988, soybean oil was unknown to Greek consumers, while corn oil and subsidized sunflowerseed oil controlled the market. Through the TEA program, the American Soybean Association (ASA) provided quality control and marketing technical assistance to three leading firms which led to their promotion of soybean oil in the Greek media and through in-store promotions. Two other firms introduced consumer soybean oil products in 1989 and will begin joint promotion campaigns with ASA. By the end of 1989, the trade anticipates that soybean oil will capture at least twenty percent of the seed oil market in Greece.

3. Building the Aquaculture Industry in South Asia. In 1986, the Asian aquaculture feed industry produced 900,000 tons of feed, utilizing approximately 96,000 tons of soybean meal. To capitalize on the industry's growth and maximize its use of soy products, the American Soybean Association (ASA) expanded its cooperator technical assistance programs to include aquatic research and the publication and distribution of technical information designed to help feedmillers produce cost effective feeds containing more soybean meal and assist fish and shrimp farmers in increasing their profits by using these feeds. Due in part to ASA activities, aquaculture feed production increased to 1.7 million metric tons and used 260,000 metric tons of soybean meal in 1988.

4. Putting More Chicken on the Table in Pakistan. In spite of a preference for chicken by Pakistan's 101 million citizens and the provision of government incentives to the poultry industry, production has been limited by disease problems and the use of expensive fishmeal. To demonstrate the advantages of good management and of properly formulated soybean meal-based rations, the American Soybean Association (ASA) and the U.S. Agency for International Development worked with the Pakistan poultry producers to conduct a series of feeding trials which confirmed that growth rates and feed conversion can be increased by using ASA's formulated diets. In part due to the interest created by these trials, funded through the cooperator program, soybean meal imports tripled from 5,000 tons in fiscal year 1988 to approximately 15,000 tons in fiscal year 1989.

5. Soviet Soybean and Soybean Meal Imports Grow. The American Soybean Association, through the cooperator program, worked with the Soviet Ministry of Agriculture to provide technical assistance in the form of seminars and feeding trials to address the lack of understanding of the value of using high protein feed, which has been limiting growth in the livestock industry. The first trial, which was initiated in the Ukraine in fiscal year 1988, utilized a soybean meal-based ration which significantly out-performed the control ration in terms of daily gain, feed conversion ratio, days to reach market weight, and carcass quality. A second trial, conducted in fiscal year 1989, showed that a soybean meal and high moisture grain ration dramatically reduced feed cost per pound of gain, increasing farm profitability. In part, due to the successes of these feeding trials, Soviet soybean meal imports increased from three million tons in fiscal year 1988 to four million tons in fiscal year 1989.

6. Combating Competition from Chinese Origin Peanuts in the French Market. To compete more effectively with lower-priced Chinese peanuts which had severely cut the U.S. share of the French peanut market, the National Peanut Council (NPC) launched a TEA branded promotion. In cooperation with one of the major French manufacturers that maintains high quality standards for their peanut products, NPC jointly funded television and trade advertising and consumer promotion activities for U.S. peanuts. As a result of this promotional program, the French manufacturer increased its sales of American peanuts by over 25 percent to 4,500 metric tons from fiscal year 1988 to 1989.

7. Promotional Efforts Pay Off for U.S. Peanut Exports to West Germany. To counter the competition in West Germany from Argentine peanut kernels and Chinese inshell peanuts, and ultimately to increase U.S. peanut exports, the National Peanut Council (NPC) has been conducting branded peanut promotions with three major inshell peanut importers and two brand manufacturers, complemented by an extensive public relations campaign. Targeted Export Assistance activities include trade and consumer print advertising, radio advertising and in-store promotions. Independent research showed that these activities have helped to change the West German consumers' quality perception of American peanuts from 36 percent in 1987 to 45 percent in 1988. Programs such as these contributed to expanding U.S. edible peanut exports from 7,600 (shelled basis) tons in fiscal year 1986 to 10,400 tons in fiscal year 1988.

8. Sunflower Margarine Introduced Nationally in Japan. In fiscal 1987, when the Japanese market for sunflower oil was traditionally limited to the unique gift market, the National Sunflower Association utilized the TEA program to broaden consumer use of sunflower products to "an every day basis." An eight-month long generic campaign increased unaided consumer awareness of sunflower products from four to fourteen percent and helped convince a major margarine manufacturer to introduce nationally a high quality identified sunflower margarine. Within four months of its introduction in April of 1989, the product had achieved sixty percent distribution nationally and had gained nearly one percent of the total Japanese margarine market.

9. "Street Of Dreams" Improves U.K. Perceptions of Wood Construction. To counter public and professional negative perceptions regarding the quality and durability of timber frame construction prevalent in the United Kingdom in 1987, the American Plywood Association (APA), launched its "Street of Dreams." The two-year TEA demonstration project consisted of seven wood-frame homes, technical training, a competition involving 60,000 entries, a public relations campaign that generated press coverage with an equivalent value of $1.6 million that reached over 5 million readers and concluded with a two-week exhibition that drew more than 15,000 visitors. About three-quarters of the exhibit visitors surveyed reported that the quality of timber frame houses was higher than they had previously thought. In addition, APA's technical assistance enabled the United Kingdom's largest builder and developer of timber frame construction to utilize the engineering advantages inherent in switching to U.S. origin building materials and his fabricated houses are now 80 percent U.S. origin in content. Other builders have since expressed interest in both U.S. materials and demonstration projects. The value of U.S. wood exports to the United Kingdom has increased over three-fold since 1987, reaching nearly $200 million in 1988, and is expected to top $215 million in 1989.

10. Japanese Furniture Manufacturers More Willing To Try U.S. Hardwoods. Ninety-seven percent of the Japanese participants in the American Hardwood Export Council's 1988 furniture manufacturing seminars said they were more inclined to try U.S. species as a result of these educational seminars. Additional TEA-supported seminars are planned which will include the Japanese interior design industry as well. Japan replaced Canada as the largest offshore market for U.S. hardwoods in 1988, when the value of U.S. hardwood exports to Japan reached $178 million, a 70 percent increase over 1987. U.S. exports in just the first six months of 1989 were almost equal to last year's total for the whole year.

11. U.S. Pear Market in Sweden Expands. The establishment of a import opening date by the Swedish government which coincides with the depletion of Swedish supplies has limited the import of U.S. pears. However, the TEA program has allowed

the Oregon-Washington-California Pear Bureau to implement promotional activities to lengthen the U.S. pear marketing window by competing with Southern Hemisphere producers. The activities have in part contributed to the sale of 553,611 standard boxes of pears to Sweden in 1989 which represents a 25.8 percent increase over the previous year. Also, 1989 marked the first year U.S. pears were imported after February.

12. Sweet Cherry Sales to South Korea Triple Despite Sour Publicity. The Northwest Cherry Growers utilized TEA resources to increase the sales volume of sweet cherries by expanding their Korean customer base at the import, wholesale, and retail levels. Trade calls, trade receptions, and in-store product demonstrations helped to increase the number of importers handling sweet cherries from two to ten, the number of wholesalers from three to seven, and involved sixteen major Seoul retail stores in in-store demonstrations. Despite a virtual cessation of purchases mid-season due to false claims by local consumer groups that U.S. cherries had been treated with dangerous chemicals, preliminary sales results indicate that total cherry sales nearly tripled from 74 metric tons valued at $155,500 in 1988 to approximately 214 metric tons valued at $432,000 in 1989.

13. Merchandising Program Dramatically Increases Sales of California Canned Cling Peaches and Fruit Cocktail in Japanese Supermarket Chain. The California Cling Peach Advisory Board targeted their 1989 TEA program to retail stores in Tokyo as a means of competing with less expensive canned fruit from the European Economic Community which was flooding Japan's institutional food market. The three-month program included in-store sampling, point-of-sale displays, cooking classes and special newspaper ads, all using a character from Japanese folklore, "Momotaro," as a common theme. The number of stores participating in the retail merchandising programs climbed from 5,661 in 1988 to 6,227 in 1989, and sales of California canned fruit in one chain's 81 stores accounted for an average of 65 percent of the year's total sales during the promotion period. Ongoing Board merchandising programs with that chain upped the average sale of the products 126 percent between the marketing year 1988 and 1989 seasons.

14. More British, Philippino and Japanese Consumers Eating Raisins. The California Raisin Advisory Board (CALRAB) has utilized the TEA program to encourage large retail chains in the United Kingdom to "trade up" to higher quality California raisins by developing custom tailored promotional campaigns. Today, according to Nielson surveys, California holds about 85 percent of the consumer pack raisin market. Since the TEA program began in 1986, imports of California raisins have tripled, making California the leading supplier to the U.K. market. Exports are valued at $29 million in marketing year 1989. In the Philippines, CALRAB conducted a joint advertising and promotion campaign with the largest group of bakeries in Manila, all of which carried attractive lighted signs and posters depicting a raisin bread called "California Raisin Loaf." In total, 640,000 California Raisin Loaves were sold, which utilized 65 tons of California raisins. A similar fiscal 1989 joint program with the 385 outlets of Japan's Tokyo Foods Company featured 45 different kinds of baked goods containing raisins, scoop sales of bulk raisins for home consumption and raisin ice cream. Tokyo's purchases have grown from 190 tons in 1987, to 204 tons in 1988, and are expected to reach 220 tons in 1989.

15. Japan and Italy Continue Growth as Largest Prune Markets. Prune exports to Japan, California's largest prune export market, increased eight percent in marketing year 1989 to an all-time high of nearly 13,000 tons. Contributing to this success was the California Prune Board's generic marketing program, particularly its print advertising campaign and theme, "California prunes... The fruit especially recommended for women," which highlighted the benefits of prunes' high iron and fiber content to the female target audience. Other TEA program activities included supermarket demonstrations, sampling at Red Cross blood donation centers and women's clinics, and media publicity. Italy, the second largest export market for California prunes, grew by ten percent to over 9,800 tons in marketing year 1989, due in part to television and outdoor advertising for the two major California prune brands supplemented by branded in-store promotion activities and a generic public relations program which featured a California prune harvest tour, magazine publicity and consumer sampling.

16. Florida Citrus A Hit in the East and in the West. The Florida Department of Citrus' (FDOC's) activities under the TEA program have helped to increase fresh grapefruit shipments to Japan, Korea, Taiwan, Hong Kong, and Singapore, and Florida's grapefruit market share in Western Europe. In the Asian markets, where fresh grapefruit is a relatively new product competing primarily with other fresh fruit, FDOC's strategy is to expand the entire market for fresh grapefruit through a consumer-oriented marketing campaign designed to enhance the image of Florida grapefruit as a healthy, refreshing alternative to other fresh fruit. During the 1989 marketing year, shipments reached a record 14.7 million cartons with an estimated value of $90 million, more than double the 6.2 million cartons, valued at approximately $33 million, shipped in 1986, the season prior to the Florida Department of Citrus participating in the TEA program. In Europe, where fresh Florida grapefruit faces stiff competition from several Mediterranean suppliers who enjoy lower transportation costs and preferential tariffs, FDOC's strategy is to increase market share. A consumer-oriented marketing campaign consisting of television advertising coupled with in-store promotions touts the image of Florida's "tropical-climate" grapefruit as a tastier, juicer, and more enjoyable alternative to the "desert-climate" grapefruit of its Mediterranean competition. Florida's shipments to Europe during the 1989 marketing year reached a record level 8.8 million cartons, valued at over $50 million. Thus, in its first three years in the TEA program, the Florida citrus industry has increased its market share for fresh grapefruit in Western Europe from 31 to over 40 percent, replacing Israel as the leading fresh grapefruit supplier to the European market during the winter season.

17. Sunkist Exports Climb in Far East Despite Quotas and Competition. Sunkist Growers, Inc., a participant in the TEA Export Incentive Program (EIP) for branded California-Arizona citrus products, was able to increase demand for Sunkist orange juice to such an extent that the Korean government increased the import quota for orange juice concentrate in 1989. Sunkist's sales to Korea have quintupled, from $3.6 million in 1987 to an estimated $20 million this season. The value of their navel orange shipments to all trans-Pacific export markets increased in 1989 by nearly $6 million despite intense competition from Australia, Taiwan and China. Specifically designed and timely promotional and advertising activities, aimed at both consumer and trade, built market confidence for an increased range of sizes of fruit in Australia, and aided the expansion of traditional seasonal boundaries in Japan. Sunkist navel orange shipments to Japan, Hong Kong, Singapore, Malaysia, Australia and New Zealand increased by almost 600,000 cartons during the period December 1988 through April 1989, compared to the prior navel orange season.

18. Growth in U.S. Frozen Potato Sales in Far East Coincides with TEA Program Participation. The National Potato Promotion Board (NPPB) has utilized TEA resources for three years to counter high tariffs in Taiwan, a market entirely dominated by domestic producers and one foreign competitor. Most fast-food chains have since switched to the more expensive but higher quality American fries which are enjoying considerable popularity. Sales in 1988 totaled 3,000 metric tons and are rising rapidly. While frozen potatoes have been available in Malaysia for some 15 years, U.S. exports were stagnant until the TEA program became available in 1986. Since then, the market has grown 80 percent to about 2,000 metric tons and shows considerable promise. Last year, sales of U.S. frozen potatoes to Hong Kong grew 16 percent to nearly 9,000 metric tons, a growth of 74 percent since 1986. The bustling metropolis has taken a shine to American fast-food stores, and U.S. fries have a virtual monopoly on these sales, despite the availability of cheaper products. Sales of U.S. frozen potatoes to Japan in 1988 reached nearly 104,000 metric tons, a 23 percent gain over 1987 and a 113 percent gain in the three years since the TEA program began. These exports represent nearly $100 million of direct sales.

19. Participants in the Almond Export Incentive Program (EIP) Taste Success in Distant Markets. In Kuwait, Blue Diamond has wrestled their way into the market by utilizing the Targeted Export Assistance EIP promotional resources to insert advertisements for Blue Diamond almonds on wrestling video tapes. Blue Diamond has increased retail sales of their almonds in Kuwait by 105 percent from 580,000 pounds in marketing year 1987 to 1.2 million pounds in 1988. In Hong Kong, U.S. almond industry export tonnage increased in the 1988 marketing year by 154 percent. Blue Diamond attributes much of its success in Hong Kong in 1988 to a very effective

television commercial developed in Cantonese that portrays almonds as upscale, quality image snacks. Hansa-Pacific, another participant in the Almond Export Incentive Program, exported 2.8 million pounds of almonds to Taiwan in 1988, an 81 percent increase over its 1987 shipments. The increase in sales translates into five pounds of additional almond sales for every dollar of TEA resources utilized by Hansa-Pacific.

20. TEA Program Opens New Market in Taiwan for Concord Grape Products. The Concord Grape Association, a first time participant in the TEA program, introduced Concord grape products to a new group of consumers in the Far East through branded advertising, point of sale material and generic sampling. Results to date are reflected in sales of nearly 57.2 metric tons of grape concentrate, compared to no sales for the same period last year.

21. Walnut Exports Increase to Australia and Spain. The California Walnut Commission's (CWC's) TEA program aided in increasing 1988 shelled California walnut exports to Australia by 30 percent, or 754,000 pounds, compared to the previous year. Activities such as instore demonstrations, television advertising and a media supported contest contributed to consumer awareness of California as an origin of walnuts. In addition, these activities have increased the support of the wholesale sector, resulting in a 1988 export level of 6 million pounds. CWC's branded program in Spain helped boost walnut exports in 1988 to that market to 34 million pounds, a 10 percent increase over the previous year. Impressive gains were obtained in shelled walnut market, which doubled over the previous year, and demonstrated that the Commission's efforts to increase the length of the season and usage are paying off.

22. California Pistachios Crack Open the Japanese Market. The California Pistachio Commission's TEA program has included over 1,000 instore demonstrations to impress Japanese consumers with the superior qualities of U.S. pistachios. Pistachio exports to Japan increased 88 percent between October 1988 and July 1989 relative to the same period during the previous year, for a total of 2.4 million pounds. Even more impressive is the increase in market share from 10.3 to 17.4 percent in the same period, which shows that the California quality image is taking hold.

23. Sweet Corn Posts Husky Gains in Japan. Despite a drought-reduced crop, U.S. exporters increased sales of branded sweet corn to Japan in 1988, thanks in part to promotion through the TEA Export Incentive Program. Sales of canned and frozen corn increased by approximately 20.3 percent, from 147.3 million pounds in 1987 to 177.2 million pounds in 1988. Promotional activities have spurred gains in both the home and fast-food segments of the market.

24. Kiwifruit Exports Double to Taiwan. Largely resulting from TEA program promotional activities by the California Kiwifruit Commission, exports of U.S. kiwifruit to Taiwan increased by 105 percent, from 687 metric tons in 1987 to 1,407 metric tons in 1988. Promotional activities in 1988, emphasizing increasing distribution and consumer awareness, effectively built on a foundation of market research that was conducted in 1987.

25. Grape Industry Strips Away Peeling Constraint in Taiwan. The California Table Grape Commission's first consumer advertising in Taiwan, made possible with TEA, has driven home the message that U.S. grape varieties do not require peeling as the tough-skinned domestic varieties do. Awareness of the advertising message grew during 1988 from zero before the ads aired to 25.7 percent after the campaign. Accordingly, total sales increased 22 percent from 10,427 metric tons in 1987 to 12,722 metric tons in 1988.

26. Hawaiian Papayas Move into New Segments of the Japanese Market. Sales of Hawaiian papayas have been increasing steadily in the Japanese market by moving from the specialty fruit shops in department stores to major supermarkets. Shipments of Hawaiian papayas to Japan have more than doubled from 7 million pounds in 1978 at the inception of the cooperator program with the Papaya Administrative Committee, to an estimated 15 million pounds in 1989. Japan is now importing 22 percent of the Hawaiian papaya crop.

27. Turkey Becomes Brand Conscious Rice Market. The Rice Council has capitalized on the availability of the Export Enhancement Program and aggressively promoted branded U.S. rice in Turkey utilizing resources available through the TEA program, which has since become a major market for U.S. medium grain rice. U.S. rice sales doubled from fiscal 1988, when the brand promotion began, reaching 116,500 tons in fiscal 1989, worth over $40 million. In response to the success of the TEA branded promotion, other Turkish importers have expressed interest in promoting U.S. rice.

28. Cote d'Ivoire Imports U.S. Brown Rice. The Rice Council, a cooperator, carried out a comprehensive plan to promote sales of U.S. brown rice to the under-utilized Ivorian rice processing industry, which resulted in imports of 13,000 tons of American brown rice. The shipping, unloading and milling program was a success, and milling yields and product quality exceeded expectations. All parties have expressed interest in continuing shipments.

29. Korean Alfalfa Import Regime Liberalized. In fiscal year 1989, the National Hay Association utilized cooperator program funds to host a delegation of Korean Dairy and Beef Farmers to inspect U.S. harvesting and the beneficial aspects of feeding alfalfa. Upon their return to Korea, the farmers requested and received permission from the Ministry of Agriculture to purchase 1,000 tons of alfalfa cubes. That same year, Korea increased its imports to approximately 18,000 tons of pellets and 9,000 tons of alfalfa hay cubes.

30. Sample Leads to Turkish Purchase of U.S. Sorghum. In 1987, the U.S. Feed Grains Council initiated sorghum milling and feeding trials to demonstrate the economic viability of sorghum in feed rations, the results of which were disseminated through locally conducted seminars. Subsequent to receiving a 100 metric ton sorghum sample provided by USFGC under the TEA program in 1989, Turkey made its first-ever purchase of 50,000 metric tons of U.S. sorghum.

31. Sandwich Promotion Increases Sliced Bread Sales. To expand consumption of bread among young urban Thais, U.S. Wheat Associates, a cooperator, developed a large-scale sandwich promotion program with Thai President Foods, whereby thousands of sandwiches were served to selected groups of school children and young factory workers in Bangkok. The successful effort saw a sustained 60 percent increase in sliced bread sales in the bakery outlets near the schools and factories three months after the campaign ended. In the past four years, U.S. wheat exports to Thailand have nearly doubled and now represent 50 percent of the market. Future U.S. wheat sales appear promising, as sandwiches, pizza, and other wheat-based fast foods are becoming increasingly popular choices in the Thai diet.

32. Pasta Activities in the TEA and Cooperator Programs Create U.S. Wheat Markets. U.S. Wheat Associates (USWA) utilized TEA resources to join forces with the Salvadoran Pasta Association (ASI) to locally promote the nutritional, economical and non-fattening characteristics of pasta. In the seven months following the effort, sales of semolina and farina increased seven percent, from 1,957 metric tons in 1988 to 2,432 metric tons in 1989. Due to the success of the campaign, ASI members raised additional funds to continue the program. USWA, through its cooperator program, helped develop another durum market in Yugoslavia through on-going trade servicing activities, the annual Crop Quality Seminar series and other technical activities. In combination with the added incentive of an EEP initiative, USWA followed up on the first-ever Yugoslavian purchase of 18,000 tons of U.S. durum in 1986, by providing technical training to Yugoslav pasta processors and, in May 1989, a second 12,000 ton purchase was made. By cracking this market, U.S. wheat is well situated to secure an even larger share of an estimated 100,000 ton durum wheat market used for pasta production in Yugoslavia.

33. Southern Products Find Markets in Far East and Far West. A private company, participating in the Southern United States Trade Association's (SUSTA's) branded TEA promotion program, garnered more than $4,250,000 in sales in its first year of promotion to South Korea in 1988, making it the leading supplier of bottled cottonseed oil on Korean grocery shelves. SUSTA utilized Cooperator Program funds to coordinate the marketing efforts of U.S. forestry products companies at INTERZUM '89, an international trade fair for furniture products, interior finishes, and

furnishings held annually in Cologne, Germany. In only three months after the trade show, three participating U.S. companies had established 160 business contacts, 83 of which have resulted in sales of $315,000.

34. Nichiryu purchases wide range of U.S. food products. Aimed at increasing consumer awareness and availability of U.S. food products, Western United States Agricultural Trade Association (WUSATA) co-sponsored an American Foods Fair promotion with the Nichiryu group in November, 1988, utilizing Cooperator Program funds. This network of fifteen food retailer chains with 616 outlets surrounding the Tokyo and Osaka areas of Japan purchased $16.5 million of U.S. food products and spent $2 million to carry out the 1989 promotion. Forty-eight of the products were re-ordered and continue to be carried on the Nichriyu store shelves, ten months later.

35. U.S. Food Products Showcased in TEA Promotions. Working with the Eastern U.S. Agricultural Food and Export Council, the International American Supermarkets of Piscataway, New Jersey, promoted its grocery line through instore promotions in Saudi Arabia, Kuwait, Bahrain and Jordan, which included taste tests, displays, shelf talkers, and media support. During and after the promotion, grocery item sales of the promoted products reached $510,000 in the first eight months of 1989. A similar cooperative effort involving the Mid-America Agricultural Trade Council and a leading grocery retail chain in the Netherlands contributed to an initial sales of nearly $700,000 for the thirty U.S. products showcased during that promotion, which had never realized any previous sales.

36. U.S. Confectionery Exports to South Korea Boosted. The Chocolate Manufacturers of America (CMA), which promotes confectionery products under the TEA program, conducted sampling and taste tests which revealed that young South Korean women preferred American chocolate over domestic products. CMA utilized these results to persuade South Korean importers, distributors and purchasing agents of the "salability" of U.S confectionery products to this key segment of young Korean consumers. Subsequently, exports by U.S confectionery industries to South Korea nearly doubled to 622 metric tons for the first seven months of 1989, as compared to 376 metric tons over the same time period the previous year.

37. NASDA Exposition showcases U.S. food products. The National Association of State Departments of Agriculture (NASDA), utilizing both cooperator and TEA resources, sponsored its fourth biennial National Food and Agriculture Exposition during May of 1989. Nearly 500 exhibitors from fourty-one states and the District of Columbia displayed their products and services for exports to potential buyers. Visitor and exhibitor surveys indicate millions in closed sales at the Exposition and much more projected for the future.

38. Technical Assistance Creates Tallow Market in China. Due in large part to the National Renderers' Association's cooperator program of technical seminars and publication distribution throughout China over the last several years, Chinese detergent producers have purchased technical equipment to produce a by-product of tallow called Methyl-ester-sulfanate (MES). The MES replaces the petroleum-based active chemicals in synthetic detergents which compete directly with natural fat based soaps. Introduction of this technology in China will create additional market demand for tallow and potential in other Asian countries through dissemination of the technology.

39. Declining Canned Salmon Market Share in the United Kingdom Arrested. Rising U.S. prices and growing competition had begun to erode the U.S. position in the United Kingdom, the largest export market for U.S. canned salmon. To counter this, the Alaska Seafood Marketing Institute (a TEA program participant) secured a commitment from the leading United Kingdom canned salmon importer to promote Alaska canned pink salmon during the Lenten period. In an unprecedented move, the importer incorporated identification of the product's Alaskan origin in the labeling on more than 1.6 million cans of salmon during the promotion period.

40. Thais and Japanese Importing U.S. Beef Breeds. Private interests in Thailand are developing a beef cattle enterprise using U.S. Brahman cattle as the basic breeding stock as the result of continued contacts and visits by the U.S. Beef

Breeds Council, a cooperator program participant. According to the Council, just over 800 head of Brahmans, valued at more than $1 million, were shipped to Thailand in 1989 and more sales are anticipated. The Council will provide ongoing technical assistance through seminars and follow-up visits regarding proper feeding, breeding, marketing and general management to ensure optimal performance of the cattle, maximize buyer satisfaction and thus encourage further sales. The Japanese, traditionally only intermittent customers for modest numbers of U.S. Angus cattle, imported 250 breeding females with an estimated value of $250,000 due in part to the Council's ongoing efforts to keep them informed of improvements which have been occurring in the breed.

41. U.S. Mohair to China a First. In 1989, according to the Mohair Council of America (MCA), China made its first purchase of U.S. mohair, importing more than 120,000 pounds, valued at nearly $321,000. This sale was the direct result of MCA's marketing persistence and ultimate sponsorship of two U.S. mohair industry trade missions to China under the cooperator program. This first shipment is considered only a sample order with larger future sales anticipated.

42. TEA Program Helps to Expand U.S. Leather Exports. In 1987 the Leather Industries of America (LIA) began utilizing TEA resources for market research, print media advertising and leather exhibits in the new markets of South Korea, Taiwan, Italy, and India and traditional markets of Hong Kong and France. Their objectives were to identify leather buyers and users, making them aware of the availability, quality versatility, and selection of U.S. leathers and introduce U.S. suppliers to foreign leather users, buyers and prospects. Since then, annual leather exports to the new TEA promotion countries averaged over $163 million between 1987 and 1989, a 41 percent increase over the 1986 export level of less than $116 million. More importantly, total leather exports to all destinations set new records in each of the three promotion years, and are projected to reach $600 million in 1989, a gain of more than 80 percent since 1986.

43. Meat Promotions Increase Sales in Hong Kong. The U.S. Meat Export Federation's (MEF's) U.S. beef promotions held at American Cafe Restaurants (Denny's) and Dah Chong supermarkets in Hong Kong, under the TEA program, have resulted in substantial U.S. beef sales. The American Cafe management reported sales increases during the two month promotion of 85 percent for steak meals, 129 percent for corned beef hash and 98 percent for its Top Oscar beef meal. In addition, sales of U.S. beef increased 35 percent during an MEF high quality meat promotion at 36 Dah Chong supermarkets in Hong Kong. The two-month promotion allowed consumers in Hong Kong to "Taste The Difference" and featured samples of popular U.S. beef cuts augmented with MEF information regarding nutritional values and preparation methods. U.S. beef exports to Hong Kong increased 54 percent in value and 31 percent in tonnage during the January through August, 1989 period, compared to the same period the previous year.

44. Targeted Export Assistance Helps U.S. Meat Increase Share of Japanese Market. Prompted by recent expressions of concern among Japanese consumers regarding food safety, the U.S. Meat Export Federation (MEF) sponsored a "food safety team" of scientists to the United States. The tour acquainted influential Japanese scientists and journalists with the safety of the U.S. beef production system through on-site visits to U.S. production facilities and scientific research centers and meetings with Food, Safety and Inspection Service representatives and other food safety related organizations. As a result, positive articles on U.S. beef appeared in Japanese newspapers that reach approximately 11 million people, reiterating the message that U.S. beef is healthy and scientifically safe for consumption. In 1987, MEF utilized TEA resources to cooperate with major Japanese department stores and supermarket chains in the establishment of U.S. Meat Corners which feature only U.S. products, thus enabling Japanese consumers to find a reliable supply of U.S.-identified product. By mid-1989, the number of outlets had grown to over 600, and now feature U.S. pork and processed meat products in addition to U.S. beef. MEF also promotes the high quality aspects of U.S. beef through retail promotions at hotels, restaurants, supermarkets and department stores, 10,000 of which took place in 1988 compared to 2,500 in 1987. MEF's intense promotional activities, in conjunction with the U.S. Japanese Beef and Citrus Agreement, have contributed to a dramatic increase in U.S. beef exports to Japan and a significant

increase in the U.S. market share. U.S. exports of beef and veal to Japan increased from 127,470 metric tons, valued at $558 million, in 1987 to 163,093 metric tons, valued at $841 million, in 1988. These are increases of 28 percent and 51 percent respectively. In the first eight months of 1989, volume has increased 78 percent compared to the same period in 1988. According to Japanese import data on the beef quota, the U.S. market share, by volume, increased from 29 percent in 1987, to 42 percent in 1988, and to 45 percent in the first half of 1989.

45. Targeted Export Assistance and Cooperator Programs Open Door to Health Regulation Changes in Australia. Through the TEA program, the National Association of Animal Breeders (NAAB) hosted a team of Australian Health officials, including the Director of the Animal Quarantine and Inspection Service. Visits to U.S. artificial insemination centers and talks with U.S. Animal and Plant Health Inspection Service officials led to their consideration of changes in the Australian Import Health Protocol for semen, the implementation of which was confirmed through a follow-up trip to Canberra, funded by NAAB through the cooperator program. These changes will allow U.S. semen exporters to more effectively compete in the growing Australian market and provide a greater choice of superior U.S. bovine genetics to Australian cattlemen.

46. Poultry Buyer Guides have Potential to Improve Foreign Buyer's Acceptance of U.S. Poultry Products. Confusion existed between U.S. poultry industry exporters and foreign buyers regarding the identification of specific products being traded which often resulted in expensive claims and/or refusal of product in foreign countries. The USA Poultry and Egg Export Council (USAPEEC) utilized TEA resources to develop and distribute 4500 copies of a "Standard Manual for Buyers for U.S. Chicken and Chicken Products" for U.S. exporters and foreign importers, distributors, wholesalers, and retailers. Exporters report that the guide has already improved communication with the foreign trade, reducing confusion and potential claims. Foreign buyers, retail chains and processing companies are using the guides as educational and training tools for their employees. USAPEEC is now working on a similar publication for turkey and turkey products, and plans others for duck, eggs and egg products.

AGRICULTURAL TRADE OFFICES

1. International Food Shows Help Expand Awareness of U.S. Food Products. Agricultural Trade Offices (ATOs) played a key role in facilitating U.S. participation at International Food Shows in the Pacific Rim, Europe and the Middle East. Over 200 U.S. firms, trade associations and State Departments of Agriculture participated at major shows in Japan (Foodex 89), United Kingdom (IFE 89), and Saudi Arabia (Saudi Food 89). Show participants reported on-site sales of over $20 million and projected sales exceeding $500 million. ATO direct involvement in contracting space, assuring product entry and publicity were essential to the success of these shows.

2. "Planning for Profits" Seminar Directs Southeast Asian Buyers Attention toward U.S. Food Products. The ATO Singapore in cooperation with the School of Hotel Administration at Cornell University and Hilton International conducted a seminar designed to introduce Southeast Asian food and beverage managers to U.S. style menus and food products. Organized by the ATO in Singapore, the seminar provided key middle-level hotel and restaurant managers an opportunity to obtain information on U.S. food suppliers. Cooperators which took part in the effort included the California Cling Peach Advisory Board, California Pistachio Commission, California Wine Institute, U.S. Meat Export Federation, Florida Department of Citrus, California Raisin Advisory Board and U.S.A. Poultry and Egg Export Council. The fact that the cost of the program was funded entirely by the program participants from Taiwan, Japan, Malaysia, Indonesia, Thailand and Singapore was a sign of the interest in this "pilot" program and the value overseas importers attach to obtaining insight into how to buy and utilize U.S. food products.

3. Euro-Retail Study Provides Insight into Market Opportunities. Originally conceptualized by the Agricultural Trade Officer in Hamburg, this study involved assessments of retail markets throughout Europe. Working in cooperation with FAS/W, posts tailored these studies to provide key information for new-to-market U.S.

exporters. Included as part of the information packet given to trade show participants, this study has given U.S. exporters the information they need to compete effectively in the $14 billion European market for processed products.

FOREIGN AGRICULTURAL AFFAIRS
(Agricultural Attaches)

FAS Agricultural Counselors, Attaches, and Officers, assigned to 75 U.S. Embassies, consulates, and ATOs covering some 110 countries, represent and promote the agricultural interests of the United States in these countries. They support and strengthen the agricultural sector of the American economy by assisting the expansion of commercial markets for United States agricultural products, providing information on a scheduled and alert basis that prepares U.S. agriculture for changes in world supply and demand conditions, and safeguarding American farmers and agricultural programs against unfair and injurious import competition. Example of recent progress include:

1. Fair Play On Hormone Issue. The Agricultural Attache in Stockholm learned that Australian Beef had been permitted to enter Sweden containing hormones even though the U.S. beef containing hormones had been banned. The Agricultural Attache wrote a letter of protest to Swedish authorities concerning this discriminatory practice. A special committee was convened by the Swedish Minister of Agriculture with the final result being that meat from all countries had to comply with the hormone ban.

2. Exemption from European Community (EC) Hormone Directive. Efforts of the Office of the Agricultural Counselor, London, resulted in the EC exempting pet food raw material from the hormones directive, a measure which is estimated to be valued between $10-12 million per year for U.S. exports.

3. Reclassification of Corn Germ Meal. The Office of the Agricultural Counselor, London, alerted FAS to plans by the EC to reclassify the tariff for corn germ meal. This action resulted in the EC agreeing to consult with the U.S., thereby avoiding any adverse measures against the U.S. market for this product.

4. Safeguarding Market Access for U.S. tobacco exports to Italy. The Office of the Agricultural Counselor, Rome, convinced the Ministry of Health to alter the language of a new tobacco residue law for the chemical MH-30. Without this change, all U.S. tobacco exports to Italy would have ended.

5. U.S. Embryo Exports to Italy. After many months of meetings between the Office of the Agricultural Counselor and the Ministry of Health, Italy finally agreed to open up their market for U.S. embryos, a measure long-sought by U.S. exporters.

6. U.S. Grain Exports to Portugal. The Office of the Agricultural Counselor, Lisbon, was instrumental in convincing the Portuguese not to import any grain from the rest of the EC through 1990, and helped fonestall efforts by local compounders to circumvent this decision.

7. Breach of Uruguay Round Commitments. The Agricultural Office, Brussels USEC, reported to Washington on a number of new agricultural subsidy programs that the EC intended to implement during the year, including proposed subsidies on protein crops, flint corn, and a conversion scheme designed to encourage farmers to enter into production of non-surplus crops. As a result of USEC reporting, it was decided to present a formal demarche on what the U.S. regarded as a transgression from commitments made in the Uruguay Round of multilateral trade negotiations. Upon final adoption of programs by the EC, the Agricultural Office acquired specific commitments from the Commission as to their duration and applicability, thereby protecting U.S. agricultural interests.

8. Reclassification of Seasoned Poultry. The Agricultural Office, Brussels USEC, engaged in a series of meetings with the Commission aimed at dissuading it from reclassifying U.S. seasoned poultry shipments and thereby submitting them to a variable levy assessment. USEC's involvement in this matter contributed to a

Commission decision to turn the issue over to the FRG Ministry, which ultimately allowed entry of the product at the lower duty rate.

9. Proposed Domestic Subsidies for Treenuts. The Agricultural Office, Brussels USEC, provided timely and comprehensive alert reports on internal consideration within the Commission of a European Parliament proposal for domestic aid to Community treenut producers. This program could threaten the $350 million market for U.S. almonds and walnuts. As a result of USEC's efforts, the U.S. Government made several demarches on the program at the Commission and Member level. USEC also coordinated U.S. walnut and almond industry visits to raise U.S. concerns with the key officials in Brussels. As a result of these efforts, commitments were received from the EC Commission that these subsidies will not lead to increased production of treenuts.

10. Sino-U.S. Biological Control Laboratory. The Agricultural Counselor, Beijing, assisted the Agricultural Research Service in the successful establishment of the Sino-U.S. Biological Control Laboratory. Located at the Chinese Academy of Agricultural Sciences, this laboratory will increase communication among scientists working to find effective biological agents to control pests and disease.

11. Increased Cotton Exports to China. Timely assistance from the Agricultural Office, Beijing in transmitting information on U.S. cotton suppliers and U.S. standards was effective in directing Chinese importers to purchase over 200,000 tons of U.S. cotton in 1988/89, a 1000 percent increase from the previous year's level.

12. Prevention of Discriminatory Japanese Food Labeling Regulations. The Agricultural Affairs Office, Tokyo, successfully prevented food additive labeling regulations which could be discriminatory to imported products from being adopted by the Japanese Government. The Agricultural office kept Washington agencies fully informed and worked closely with the U.S. private industry to see that deadlines were met, and appropriate representations were made. These efforts were instrumental in bringing the issue to the negotiating table in Washington, thus avoiding future trade problems.

13. U.S. Swine Genetic Exports to Japan. In January 1989, an agreement between the U.S. National Association of Swine Breeders and the Pig Breeders of Japan was signed, allowing imports of U.S. swine genetics into Japan for the first time. This agreement is expected to result in $3 million in direct trade over the next five years and to indirectly enhance U.S. feed grain sales, as improved genetics increases the efficiency of the hog sector.

FOREIGN MARKET INFORMATION AND ACCESS

Commodity and Marketing Programs

FAS is responsible for providing data relating to supply, distribution, and foreign demand of agricultural commodities. Data are collected from field reports furnished by the Attache Service, special field studies conducted by Washington analysts and various other public sources. Advanced economic analyses are conducted to examine the data and produce short term commodity forecasts, commodity status summaries and market potential guidance on a country and area basis. Price, supply and demand fluctuations and their possible impact upon American exports and market development activities are a particular focus of the commodity and marketing programs area. Reports and analyses are distributed to the U.S. agricultural community through various channels, including categories of FAS publications, participation in trade conferences and U.S. trade organizations. A program of import controls is administered on selected foreign source agricultural products.

1. Foreign Agricultural Service Circulars Provide Key Information and Analysis to the Trade. High quality analysis and timely trade data in the FAS publications during a period of uncertain world supplies have allowed U.S. exporters to focus on marketing efforts and develop price strategies to maximize U.S. exports. Examples include the early analysis of a major change in the Soviet Union's import demand from wheat to coarse grains; the early prediction and analysis of Thailand's record expansion in rice exports; the identification and publication of record wheat,

barley, and corn exports by the European Community; special studies that highlighted the benefits to U.S. tobacco exports due to successful resolution of the 301 case against Asian markets; and computerized enhancements enabling FAS to provide comprehensive and up-to-date commodity information.

2. Grain Trade Analysis Expands. Significantly expanded capacity for competitor trade analysis was added by the Grain and Feed Division. This analytical capability was essential for the effective administration of the Export Enhancement program (EEP)--for example, the recognition that a pending EEP announcement for rice to Jordan was inappropriate because of a serious shortfall in the Italian and Spanish rice crops and a resulting reduction in their rice export campaign. As a result of the analysis of this situation, the potential U.S. export subsidy was reduced, and the U.S. was still able to maintain a competitive position in the Jordanian rice market.

3. U.S. and USSR Discussions Result In Increased U.S. Exports of Wheat. Through repeated encouragement and by supplying the necessary technical information from the U.S. side, the Soviet import purchasing agency made important changes in long-standing policy to provide more flexibility in their buying of U.S. wheat. These changes resulted in first-time purchases of Spring wheat and Soft Red Winter wheat. Traditionally, when buying U.S. wheat, the USSR insisted upon taking only Hard Red Winter. This had the effect of causing them to buy larger quantities of EC wheat, where they could get softer kinds of wheat, or larger quantities from Canada, where they could get wheat of higher protein content. This traditional practice, which limited the U.S. share of USSR wheat imports, was changed during this past year, in large part due to discussions between FAS technical people and Soviet counterparts. Reports from the USSR side indicate a good level of satisfaction with the results of this decision, and it is likely the additional flexibility will be a permanent practice. The U.S. share of Soviet imports should increase as a result.

4. Oilseeds and Products Division Increases Link With Overseas Market. The Oilseeds and Products Division (O&P) has increased the accessibility of foreign markets for U.S. oilseeds and products by updating lists of U.S. suppliers and exporters for these products. These lists were sent out to the overseas posts to be distributed to interested foreign buyers. Posts were informed of the availability of trading rules and product specifications for these products. Much interest has been expressed concerning the lists and should prove to be a significant factor in increasing U.S. product awareness overseas and product intelligence on behalf of the U.S. oilseeds and products industry.

5. Two New Export Programs for Vegetable Oils Announced in Fiscal Year 1989. During fiscal year 1989, the Oilseeds and Products Division implemented two new export programs for vegetable oils--the Sunflowerseed Oil Assistance Program (SOAP) and the Cottonseed Oil Assistance Program (COAP)--authorized by the Agriculture Appropriations Acts of 1988 and 1989 to facilitate additional sales of sunflowerseed oil and cottonseed oil in targeted world markets. Under the SOAP, U.S. exporters shipped 54,300 metric tons of U.S. sunflowerseed oil to Egypt between December 1988 and April 1989, using nearly 15,000 metric tons of U.S. oil for payment of the export bonuses. In April 1989, the Department announced the continuation of SOAP and added cottonseed oil under the COAP export program. In addition to these two special export programs, the Division continued to carry out the EEP for vegetable oils, approving bonuses on sales of 114,500 metric tons of vegetable oils to three countries.

6. New Study On Foreign Tariff And Nontariff Measures On Tobacco Benefits Key Policy Makers And Trade. An exhaustive study on foreign tariff and nontariff measures on tobacco was initiated. Months were spent researching and collecting hard-to-get data and pouring over years of reports and various trade sources in order to collect needed information. The study looks at over 100 countries and will provide invaluable information to trade policy decision makers and the tobacco trade.

7. Forest Products Division Focuses Interest In Korean Market. Through the coordinated efforts of the Forest Products Division (FPD) and the agricultural counselor, U.S. forest products industry interest has been channeled to make Korea

one of the brightest long-term prospects for U.S. wood products. Following an extensive market development funded study in 1988, a high-level FAS/U.S. industry mission succeeded in: 1) having the Koreans agree to establish a joint U.S./Korean committee to promote wood products; and 2) establishing a cooperative relationship with Korean construction and housing wood interests. Concerted effort on the part of the division and the agricultural counselor's office resulted in a major step towards introducing processed wood products into Korea with the first-time-ever Korean request for GSM credit for U.S. processed wood product purchases. In 1988, $9.5 million was utilized for this purpose and an additional $10 million in 1989. This momentum in the Korean market should be greatly accelerated with a major TEA promotional effort beginning in 1990.

8. Forest Products Division Supports Industry's Efforts To Compete Fairly In European Community (EC). The Forest Products Division assisted industry representatives and technicians seeking information on the EC's market harmonization process by establishing formal channels of communication with EC Commission officials and supporting the industry's efforts to test the Mosbacher-Bangemann Agreement (MBA). Daily coordination with the industry and FAS/ITP led to establishing a protocol for meeting with EC officials to discuss concerns related to the EC's harmonization process. The Forest Products Division also supported the industry's efforts, under MdA provisions, to independently approach the chairmen of the technical standards setting committees which are carrying out the requirements of the EC Construction Products Directive. The Forest Products Division advised industry on procedures and provided interpretive documents of the MBA and other information to further the industry's efforts.

9. Analysis of U.S. Horticultural Trade With Mexico and Brazil. Mexico is the leading foreign supplier of fresh produce to the United States, and Brazil is the largest supplier of frozen concentrated orange juice. Attention was focused on examining Mexico as an excellent market for certain U.S. fresh fruits and vegetables. The Horticultural Products Review circular contained three feature articles during the year on U.S.-Mexican horticultural trade and numerous articles on the supply and demand situation for orange juice concentrate. Assistance was provided to the U.S. industry in furthering their knowledge of the horticultural situation involving these two countries.

10. Commercial Nonfat Dry Milk Exports Reach New Levels. Throughout fiscal year 1989, international market prices surpassed domestic support prices for nonfat dry milk (NDM), and extensive analysis of price and supply/demand developments contributed to strong commercial sales of this commodity. Commercial U.S. exports of NDM in fiscal year 1989 are estimated to have totaled 120,000 tons valued at $245 million, exceeding the previous year's commercial level. Working from data supplied by key posts overseas, FAS analysts kept U.S. trade informed of price, sales and supply developments which facilitated recent U.S. sales.

11. Dairy, Livestock and Poultry Division Plays Key Role in Mexican Animal Health Requirement Negotiations. On March 10, 1989, Mexico implemented a hog cholera vaccine requirement on all slaughter hogs entering Mexico, which placed a virtual trade embargo on U.S. slaughter hog exports. On August 1, 1989 Mexico expanded their new animal health requirement policy to included TB testing and branding of all slaughter cattle entering Mexico, and limited all imports of slaughter livestock to castrated males. The new policy effectively stopped U.S. exports of slaughter sheep, goats, hogs and cattle. USDA, through successful interagency support, negotiated the reduction of many of the unnecessary animal health requirements and as a result reopened the Mexican border for U.S. slaughter animal exports. The Dairy, Livestock and Poultry Division (DL&P) played an important role throughout the negotiation process, by providing the Animal Health and Inspection Service (APHIS) appropriate trade information and analysis.

International Agricultural Statistics

International Agricultural Statistics (IAS) serves as a single focal point within FAS and USDA for a statistical base encompassing production estimates, trade data, export estimates, economic indicators, price data, and export sales reporting. This FAS unit is also responsible for all remote sensing, telecommunications, and computer technology being applied within FAS. The mission of IAS is to support commodity analysis, market development, trade policy, export programs, and the needs of the public by collecting, processing, analyzing, reporting, and disseminating information on foreign agriculture.

1. Analysis of USSR Grain Production. FAS personnel were heavily involved in the early detection and monitoring of Soviet grain growing conditions during 1989. Prolonged dryness in the New Lands resulted in sharp yield losses for spring grains. Analysts used remotely sensed and ancillary data to follow the growth patterns. Evaluation of meteorological data, model results and crop vigor measurements indicated the spring planted crops in this area were in trouble early in the growing season. Carryover soil moisture was extremely low and the crops were dependent on adequate seasonal rainfall which never came. By contrast, these same tools indicated that the European Soviet crops were in good to excellent condition and that record yields for winter wheat were more than probable. This proved to be true in both instances.

2. Harmonized System Conversion. Conversion of the FAS U.S. trade application system to use Harmonized Trade System (HS) commodity codes was completed in March in time to process the first harmonized U.S. trade data from the Census Bureau. FAS was the only government agency known to have completed the HS conversion work on schedule. This allowed FAS to publish its circulars as scheduled, with no interruption of information distribution to the public.

3. Export Sales Reporting Helps Public. During fiscal year 1989, daily reporting by over 350 U.S. exporters on significant sales transaction continued to provide first-hand market-sensitive information affecting U.S. agriculture. Major activity under the daily reporting system included purchases by the USSR of 17.4 million metric tons of wheat, corn, sorghum, soybeans and soybean meal, and purchases by China of 6.8 million metric tons of wheat.. The system provided the trade sector with an "early warning" of these significant purchases. A major real life test of the reporting system took place in mid-1989 when on a single day China purchased 1,850 thousand metric tons on wheat. Information regarding this purchase was available to the public, in the form of a press release, by 3:30 p.m. of the same day.

Trade Policy Activities

The International Trade Policy program area coordinates and directs the Department's responsibilities relating to the conduct and implementation of international trade agreement programs and trade negotiations, with a specific goal of expanding U.S. exports. The program area identifies policies and programs of other governments which discourage the export of U.S. farm products, then contributes to the development and implementation of Administration policies and negotiations to reduce or remove these barriers. The program area also participates in the formulation and administration of U.S. import policies to ensure that they reflect adequately the interest of U.S. farmers.

1. U.S. GATT Case Against EC Oilseed and Protein Policies Reviewed. Following a year of discussions on panelists and the terms of reference, the U.S. finally succeeded in persuading the EC to allow formation of a GATT panel to review the GATT legality of EC oilseed and protein support policies. This is the largest trade case that the U.S. has ever brought before the GATT, with trade damage estimated by the American Soybean Association (ASA) at $1.5 billion. The U.S. made two substantive presentations to the panel. A GATT panel report is expected by late November.

2. EC Hormone Directive Countered. The United States responded to the EC's January 1, 1989 implementation of a ban on imports of hormone treated meat by immediately retaliating against $100 million worth of European food products. The threat of immediate EC counter-retaliation was successfully diffused by U.S. and EC agreement to create a special task force charged with developing a solution to this dispute consistent with EC law and U.S. production practices. As of September 15, 1989, task force efforts had resulted in U.S. exports of untreated meat to the EC, valued at about $1.1 million.

3. EC Action on BST Modified. The controversy surrounding use of bovine somatotropin (BST), a growth hormone that improves milk production in cows, came to a head in the EC early this fall. Faced with a lack of scientific evidence to ban BST outright, the EC Commission was considering justifying a ban on socio-economic grounds, and adding a socio-economic needs criterion to the EC's regulatory review process. As a result of intense U.S. Government pressure based on the principle that licensing of biotech products should be determined entirely on scientific considerations, the U.S. was successful in persuading the Commission to abandon at least explicit reference to socio-economic criteria in its proposal which seeks a 15 month delay in licensing use of BST in EC member states.

4. U.S.-EC Canned Fruit Agreement Reached. Faced with the threat of retaliation, the EC finally agreed to comply with the terms of the 1985 U.S.-EC Canned Fruit Agreement. Under the terms of the 1985 agreement, and in accordance with a GATT panel ruling on this issue, the EC had committed to ensure that its subsidy to canned peach processors only covered the cost of higher priced EC fruit and did not subsidize the canning process. The USG had determined the EC was over-subsidizing its processors in 1987 and 1988.

5. EC Apple Quotas Challenged. The USG successfully challenged the GATT legality of the EC's 1988 quota on apple imports. A GATT panel determined that this import restraint, which was implemented to protect EC apple growers, was unjustifiable. The panel report was subsequently adopted by the GATT Council. U.S. apple exports to the EC last marketing year reached $12 million.

6. Swedish Fruit Import Restraints Dropped. Sweden has traditionally banned the import of apples and pears during its own apple and pear season, only "opening" its market after the local crop has been depleted. This has made it difficult for U.S. apples and pears to be on-hand for the Christmas market. After three years of bilateral consultation, the Swedes agreed to a settlement eliminating the opening date system.

7. Canadian Ice Cream and Yogurt Quotas Ruled GATT Inconsistent. In January 1988, and despite U.S. protest, Canada placed import restrictions on ice cream and yogurt allegedly to protect its milk supply management system. The United States initiated GATT dispute settlement proceedings in the fall of 1988, and in September 1989, a GATT panel ruled that these quotas are not GATT consistent. The panel report must now be adopted by the GATT Council.

8. Closer Cooperation Gained Between the United States and Mexico. USDA and the Mexican Secretariat for Agriculture and Water Resources have agreed in principle with a Statement of Intent establishing five technical working groups to aid both countries resolve technical problems which impede trade in both directions in the areas of animal and plant health, marketing and inspection, economic research, scientific research and development, and private sector cooperation. This understanding also provides a vehicle for resolving disputes in these areas.

9. Understanding Reached in Japanese Food Labeling Issue. As a result of talks between the U.S. and Japan, held on August 22-23, 1989, Japan reconfirmed its stated policy of labeling natural and synthetic food additives in the same manner. This policy will help to prevent discrimination on the part of Japanese consumers who may be confused about ingredients in imported processed foods. A formal exchange of letters will take place between the two governments after the U.S. reviews the final revised list of food additives. Japan currently imports nearly $1 billion in U.S. processed foods.

10. Successful Implementation of the 1988 U.S.-Japan Beef and Citrus Agreement. Japan has increased its beef, fresh orange, and orange juice quotas by the amounts stipulated in the Agreement. As a result, during the January-July period in 1989, U.S. beef exports increased 53 percent, fresh orange exports increased 16 percent and orange juice exports increased 84 percent over the corresponding period in 1988. These percentage increases represent an additional $230 million in exports during the January-July period.

11. United States Successfully Concludes GATT Article 28 Negotiations with Australia. In July 1989, the United States successfully concluded GATT Article 28 negotiations with Australia on processed vegetables. Under the agreement, Australia gave the United States two important concessions: (a) a 2 percentage point reduction in tariff bindings on shelled and unshelled almonds, and (b) a new binding at 10 percent on frozen corn, the largest U.S. processed vegetable export to Australia. In CY 1988, U.S. almond exports to Australia were valued at $3.1 million; those of sweet frozen corn were valued at $2.8 million.

12. Israeli Import Restrictions on Plywood Eased. Significant Israeli import restrictions on plywood severely hindered market opportunities for U.S. plywood exporters. During bilateral U.S.-Israel Free Trade Area (FTA) Agreement talks a negotiated settlement was reached. The government of Israel now permits imports of U.S. origin plywood via a quota of 2000 cubic meters in 1989, increasing to 5000 cubic meters in 1995. As a result of this agreement U.S. plywood exporters have substantially increased sales to the Israeli market. Exports thus far in 1989 have already doubled the previous year's total.

13. Thailand Lowers Tariff Rates on Three U.S. Agricultural Exports. In December, 1988, the Thai Cabinet authorized tariff cuts on wheat, apples and isolated soy protein (ISP). The new rates, which came into effect on January 1, 1989, were negotiated to compensate for an unfulfilled 1986 Thai commitment, under the GSP general review, to improve access for imported soybeans and soybean products. The cuts represent a 46 percent reduction in the tariff on wheat, an 85 percent reduction for apples and a 50 percent reduction for ISP.

14. Taiwan Eases Access for U.S. Raw Turkey Product Shipments. In March, as a result of bilateral consultations, Taiwanese authorities modified sanitary requirements for imports of turkey, thus allowing the resumption of U.S. turkey exports. Taiwan also confirmed that the Board of Foreign Trade (BOFT) would provide automatic licensing for turkey part imports of up to 450 metric tons per month during 1989 and 500 metric tons per month beginning January 1, 1990. Imports without quantitative restriction will begin September 1, 1990.

15. Taiwan Implements "Trade Action Plan". In May, Taiwan authorities announced a five year trade liberalization plan aimed at expanding domestic demand, increasing imports of U.S. products and seeking more comprehensive solutions to bilateral trade problems with the United States. The plan, which calls for an 18 percent reduction between 1989 and 1992 in the average tariff rate on agricultural products, provides a platform for future market liberalization.

16. U.S. Reaches Agreement with Korea on Market Liberalization. On May 29, 1989, the U.S. and Korea signed an agricultural agreement which commits Korea to open its market to 62 products of interest to the U.S. over the next two years. In addition, Korea agreed to reduce tariffs on 7 products (almonds, raisins, cherries, pistachios, alfalfa, avocados, particle board); increase the orange juice quota from 9,000 tons to 15,000 tons; remove the orange juice blending requirement; remove phytosanitary barriers for cherries and papayas; and provide more information concerning import restrictions under the so-called "special laws." The removal of phytosanitary barriers on cherries has resulted in a near tripling of U.S. fresh cherry exports to Korea in 1989.

17. Korea Reduces Tariffs on Agricultural Products. In response to U.S. pressures for increased import liberalization, in October 1988, the Korean government announced a five year tariff reduction package for 164 agricultural products. Tariffs on high value products will be reduced from an average 24.5 percent in 1988 to 14.6 percent in 1993; on bulk products from 4.4 to 2.9 percent; and on forest products from 12 to 6 percent.

18. GATT Panel Rules in U.S. Favor on Korea Beef Issue. The GATT panel examining Korea's beef import restrictions ruled in April 1989 that Korea's import restrictions can no longer be justified for balance-of-payments reasons. The panel also suggested that Korea begin consultations to work out a timetable for the removal of the restrictions. Korea partially reopened its beef import market in July 1988 by announcing a 14,500 metric ton global import quota for the remainder of 1988. During 1988, the United States exported a record $23.8 million of high quality beef to Korea. For 1989, the Korean Government has announced that it will import 50,000 metric tons of beef, although the actual quantity imported will likely be higher.

19. Korea Opens Wine Market. In January, the Korean Government agreed to implement a five-year market liberalization package for imported wine and wine products as a result of bilateral negotiations in connection with the Section 301 petition filed by the American Wine Institute in April 1988. All non-tariff import restrictions on table wines, wine coolers and fruit-flavored wines will be lifted beginning January 1, 1990, and tariffs will be reduced from 100 percent in 1988 to 30 percent in 1990. In addition, U.S. wine will be given equal access to the existing Korean distribution system.

20. Agricultural Policy Reform Advanced in the Uruguay Round. The United States and other Agriculture Negotiating Group participants agreed in April 1989 on a framework to guide negotiations. They agreed to submit detailed proposals covering long-term reforms in import access, export measures, income support and sanitary and phytosanitary regulations before the end of 1989. The United States submitted to the Group in July 1989 a discussion paper on tariffication proposing that existing nontariff barriers to import access be replaced with tariff equivalents and outlining a formula for calculating such equivalents. As a result of these efforts, the Uruguay Round agricultural negotiations reached a much higher degree of specificity than had prevailed at the beginning of 1989.

21. Trade Assistance and Planning Office Opened. On November 29, 1988, FAS/ITP opened a trade assistance office to serve agricultural exporters who need foreign market information, as well as those who believe they have been injured by unfair trade practices. The new trade office, called the Trade Assistance and Planning Office (TAPO), was established by the Omnibus Trade and Competitiveness Act of 1988. During its first year of operation, the TAPO responded to more than 200 requests for trade assistance. For example, a Malaysian importer required a "health certificate" for state and federal offices but was unable to meet the importer's need. The TAPO, working with the Food and Drug Administration, was able to identify the requirement as a Free Sales Certificate issued by FDA. In addition to dispensing information and problem solving, the TAPO coordinated reports to Congress on long-term trade strategy and trade policies and market opportunities for agricultural products in more than 100 countries.

22. Technical Office Assistance Increased. The Technical Office continued to respond to requests for assistance on reporting and the resolution of various agricultural, food chemical and regulatory issues. In fiscal year 1989, the Technical Office answered 980 inquiries concerning U.S. and foreign regulations on food, plant, and animal health, which represents a 13 percent increase over the previous year. The Technical Office provided 972 original radiation memoranda to accompany U.S. agricultural shipments to 26 different countries. The Technical Office also notified industry, and coordinated industry responses, of 95 proposed and enacted changes in standards and regulations by foreign governments. The office coordinated extensive comments done by U.S. industry on the Japanese proposal relating to food additive labeling and participated in the very successful negotiations which took place following the notification. The Technical Office continued to be involved in the ongoing U.S.- Canadian FTA Working Groups and in the EC 1992 efforts.

23. Tariff Nomenclature Conversion Negotiations Concluded. Negotiations were concluded with the European Community concerning duty increases on olives arising from U.S. adoption of a new tariff system. The conclusion of these negotiations cleared the way for entry into force of an agreement with the European Community which provides improved access for U.S. almonds in that market.

24. NZ Concern Over Technical Barrier to Trade Addressed. New Zealand's complaint against new U.S. technical regulations for importing live sheep was successfully resolved in formal consultations, eliminating the need to utilize the dispute settlement procedures under the GATT Agreement on Technical Barriers to Trade.

25. Monitoring of Quota Exempt Sugar Improved. Improvements were made in the automation of systems for monitoring compliance of the use of quota exempt sugar for production of polyhydric alcohol. The automated system will closely track whether such imported sugar is being used for the required purposes within 180 days, as required by regulations. Enhancements were also made in the automated control system which monitors the quota exempt program that provides for the export of refined sugar.

PASSENGER MOTOR VEHICLES

The 1991 Budget Estimates propose the purchase of eleven (11) passenger motor vehicles.

The passenger motor vehicles and utility vehicles (light trucks, vans, minivans, minibuses, 4X4's) of the service are used exclusively by the Agricultural Officers at overseas posts. The officer travels extensively throughout the countries assigned, gathering agricultural data. Embassy motor pool vehicles are not readily available for field use and with recent cutbacks in State funds their use by agencies other than State is limited.

Additional Passenger Motor Vehicles. Two additional passenger motor vehicles are for posts which will be opened in fiscal year 1991.

Replacement of Passenger Motor Vehicles. Replacement of nine passenger motor vehicles is proposed. All vehicles proposed for replacement will meet the replacement standards.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1989, are as follows:

Age Data

Age-Year Model	Number of Vehicles	Percent of Total
1984 or older	11	33.3
1985	5	15.2
1986	4	12.1
1987	5	15.2
1988	4	12.1
1989	4	12.1
TOTAL	33	100.0

Mileage Data

Lifetime Mileage (Thousands)	Number of Vehicles	Percent of Total
80-100	1	3.0
60-79	1	3.0
40-69	5	15.2
20-39	13	39.4
00-19	13	39.4
TOTAL	33	100.0

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Purpose Statement

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover costs of such programs. When funds become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual costs, the excess is used to reduce future appropriation requests.

The following activities are currently being carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended:

1. Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms; for convertible foreign currency for use under Sec. 108 of the Act; and furnishing commodities to carry out the Food for Progress Act of 1985 (Titles I and III) (7 U.S.C. 1701-1715, 1727-1727f).

Title I of the legislation authorizes financing of sales for convertible foreign currencies and for dollars on credit terms, including commodities exported under Title III Food for Development Programs. Sales for dollars or convertible foreign currencies may be made with foreign governments. The legislation provides for credit terms that are as favorable to the United States as the economy of the foreign country will permit, but not less than the terms for development loans made under sections 122(a) and 122(b) of the Foreign Assistance Act of 1961, as amended.

Title I sales may also be financed for foreign currencies to be loaned to financial intermediaries in the recipient countries. These funds are reloaned by the financial intermediaries to promote private enterprise institutions. Loans repaid by the financial intermediaries may be reloaned for private enterprise investment, used to develop new markets, pay U.S. obligations, or be converted to U.S. dollars.

Title I appropriated funds may also be used under the Food for Progress Act to furnish commodities on credit terms or on a grant basis to assist countries that have a commitment to introduce and expand free enterprise elements in their agricultural economies.

2. Commodities supplied in connection with dispositions abroad (Title II) (7 U.S.C. 1721-1726). Commodities are supplied without cost to developing countries to combat malnutrition, and to meet famine and other emergency requirements. The Corporation pays ocean freight on shipments under this title and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations. Each year, up to $7.5 million of foreign currencies accruing under Title I may be purchased from this appropriation to meet costs of self-help activities (other than personnel and administrative) of cooperating groups.

Available Funds, 1989 Actual and Estimated 1990 and 1991

Item	1989 Actual	1990 Estimated	1991 Estimated
Foreign Assistance Programs (P.L. 480):			
Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities to carry out the Food for Progress Act of 1985 (Titles I and III).........	$778,934,454	$848,963,000	$817,000,000
Commodities supplied in connection with dispositions abroad (Title II)......................	839,564,575	672,599,000	646,000,000
Total program costs funded.....	1,618,499,029	1,521,562,000	1,463,000,000
Costs financed from receipts, prior year balances and CCC funds (net).	-520,399,029	-543,341,000	-565,147,000
Total appropriation (P.L. 480)......	$1,098,100,000	$978,221,000	$897,853,000

NOTE: The fiscal year 1989 appropriation was adjusted to reflect net transfers of $69.0 million in both program level and appropriation from Titles I and III to Title II, under the authority of the language proviso in the 1989 appropriation act.

The fiscal year 1990 enacted appropriation was decreased by $13,779 thousand to reflect the Gramm-Rudman-Hollings reduction required by P.L. 99-177, as amended.

Obligations incurred in a fiscal year under Public Law 480 consist of Title I sales registrations (based on anticipated export date by September 30) and Title II commodity purchases for which a notice to deliver has been issued for port delivery by September 30, and related transportation and other costs. In order to obtain the amount of costs financed by CCC in the fiscal year, these obligations, which are equivalent to the program level limitation in the appropriation language, are adjusted to include prior year obligations financed in the current fiscal year, and to exclude current year obligations that will not be financed until the following fiscal year. By law, P.L. 480 funds remain available until expended, unless otherwise provided.

The following table reconciles the program level to program costs financed by CCC:

Reconciliation of Program Level to Program Costs Funded by CCC

Item	1989 Actual	1990 Estimated	1991 Estimated
Titles I/III			
Gross commodity costs	$735,071,266	$805,700,000	$767,800,000
Ocean transportation	6,500,000	---	---
Ocean freight differential	43,908,930	59,363,000	64,600,000
Subtotal	785,480,196	865,063,000	832,400,000
Initial payments to exporters	-17,999,967	-16,100,000	-15,400,000
Total program level, current year	767,480,229	848,963,000	817,000,000
Prior year obligations adjusted	---	---	---
Prior year obligations financed	211,096,144	199,641,919	199,641,919
Obligations financed in succeeding year	-199,641,919	-199,641,919	-199,641,919
Total program costs, funded	778,934,454	848,963,000	817,000,000
Title II			
Commodity costs	$468,000,000	$474,720,000	$417,140,000
Ocean and inland transportation	231,000,000	197,879,000	228,860,000
Total program level, current year	699,000,000	672,599,000	646,000,000
Prior year obligations financed	626,612,000	486,047,425	486,047,425
Obligations financed in succeeding year	-486,047,425	-486,047,425	-486,047,425
Total program costs, funded	$839,564,575	$672,599,000	$646,000,000

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These estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Public Law 480 (Including Transfers of Funds):

For expenses during the current fiscal year, not otherwise recoverable, and
unrecovered prior years' costs, including interest thereon, under the
Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C.
1691, 1701-1715, 1721-1726, 1727-1727f, 1731-1736g), as follows: (1) financing
the sale of agricultural commodities for convertible foreign currencies and for
dollars on credit terms pursuant to titles I and III of said Act, or for
convertible foreign currency for use under 7 U.S.C. 1708, and for furnishing
commodities to carry out the Food for Progress Act of 1985, not more than
[$860,955,000] $817,000,000, of which [$309,900,000] $251,853,000 is hereby
appropriated and the balance derived from proceeds from sales of foreign
currencies and dollar loan repayments, repayments on long-term credit sales,
carryover balances and commodities made available from the inventories of the
Commodity Credit Corporation by the Secretary of Agriculture pursuant to
sections 102 and 403(b) of said Act, and (2) commodities supplied in connection
with dispositions abroad, pursuant to title II of said Act, not more than
[$682,100,000] $646,000,000, of which [$682,100,000] $646,000,000 is hereby
1 appropriated: Provided, That not to exceed [10] 15 per centum of the funds made
2 available to carry out any title [to] of this paragraph may be used to carry out
any other title of this paragraph.

The first change in language would increase the percentage of funds which may be transferred between titles to 15 percent to permit more flexibility in responding to the needs of importing countries. This change would also make the P.L. 480 appropriations authority consistent with the 15 percent transfer provision currently authorized by Section 403(c) of the Agricultural Trade Development and Assistance Act of 1954. A 15 percent transfer provision was provided in the fiscal year 1987 Appropriations Act.

The second change is a grammatical change.

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	(Titles I and III) Financing the Sale of Agricultural Commodities for Convertible Foreign Currencies and for Dollars on Credit Terms, and Furnishing Commodities for Food for Progress	(Title II) Commodities Supplied in Connection with Dispositions Abroad	Total
Appropriation Act, 1990......	$309,900,000	$682,100,000	$992,000,000
Budget Estimate, 1991........	251,853,000	646,000,000	897,853,000
Decrease in Appropriation....	-58,047,000	-36,100,000	-94,147,000
Adjustments in 1990:			
Appropriation Act, 1990....	$309,900,000	$682,100,000	$992,000,000
Gramm-Rudman-Hollings Reduction (PL 99-177).....	-4,278,000	-9,501,000	-13,779,000
Adjusted base for 1990.....	305,622,000	672,599,000	978,221,000
Budget Estimate, 1991........	251,853,000	646,000,000	897,853,000
Decrease from adjusted 1990..	-53,769,000	-26,599,000	-80,368,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Progress (Titles I and III)....................	$305,622,000	-$53,769,000	$251,853,000
Commodities supplied in connection with dispositions abroad (Title II)..	672,599,000	-26,599,000	646,000,000
TOTAL AVAILABLE........................	978,221,000	-80,368,000	897,853,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Decrease	1991 Estimated
1. Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Prog. (Titles I and III).....	$399,100,000	$305,622,000	(1) -$53,769,000	$251,853,000
2. Commodities supplied in connection with dispositions abroad (Title II).	699,000,000	672,599,000	(2) -26,599,000	646,000,000
Total, available or estimate	1,098,100,000	978,221,000	-80,368,000	897,853,000
Gramm-Rudman-Hollings reduction.................	---	13,779,000		
Total, appropriation........	1,098,100,000	992,000,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
1. Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Progress (Titles I and III..........	$778,934,454	$848,963,000	-$31,963,000	$817,000,000
2. Commodities supplied in connection with dispositions abroad (Title II)....	839,564,575	672,599,000	-26,599,000	646,000,000
Total program costs funded.....	1,618,499,029	1,521,562,000	-58,562,000	1,463,000,000
Adjustments to appropriation:				
Title I:				
Receipts from sale of foreign currencies and loan repayments and repayments on long-term credit sales to finance the program....	-461,273,558	-344,000,000	-90,000,000	-434,000,000
Unexpended balances (includes balances in the Corporation):				
Funds brought forward...	-469,952,050	-551,391,154	+199,341,000	-352,050,154
Funds carried forward...	551,391,154	352,050,154	-131,147,000	220,903,154
Title II:				
Funds brought forward.......	-595,015,237	-454,450,662	---	-454,450,662
Funds carried forward.......	454,450,662	454,450,662	---	454,450,662
Total appropriation...........	1,098,100,000	978,221,000	-80,368,000	897,853,000

The preceding project statement reflects estimated program costs on the basis of available funds, including 1988 obligations financed in fiscal year 1989 from available unexpended 1988 balances and 1989 funds. The rate at which expenditures and obligations are made under these programs is influenced by crop conditions, commodity availability, economic conditions in receiving countries, availability of shipping, port facilities, and similar factors.

The amounts provided in the appropriation for Title II are not fully controlling since the basic law permits the Government to enter into multi-year programs of assistance involving expenditures which must be financed from subsequent appropriations. However, such programs may not exceed the program level authorized in appropriation acts, adjusted for transfers to or from Titles I/III, within amounts specified by the Proviso in the appropriation language. If funds appropriated are in excess of amounts actually used in an actual year, adjusted for any applicable transfers, such amounts are applied against current year estimated costs and reduce the subsequent appropriations requested for the budget year.

EXPLANATION OF PROGRAM

Under Public Law 480, as amended, exports of available agricultural commodities are made to developing countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that which is needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

The authorization for agreements to finance sales and programs of assistance under Public Law 480 was extended through December 31, 1990, by Public Law 99-198, enacted December 23, 1985.

TITLE I

The P.L. 480 appropriation is deposited with the Commodity Credit Corporation. The Corporation then finances all sales made pursuant to agreements concluded under Title I. Sales are made to friendly countries--as defined in section 103(b) of the Act--and do not displace expected commercial sales for cash dollars (sections 103(c) and (n)). No agreements may be made with the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights or other flagrant denial of the right to life, liberty, and personal security unless the use of the commodities themselves or proceeds from their sale will be used for specific projects or programs which the President determines would directly benefit the needy people of that country.

In any calendar year agreements may not be made under Title I (including credit furnished for Food for Development Programs) which call for an appropriation to reimburse the Corporation in excess of $1.9 billion, plus unused prior years' authorizations.

In considering sales negotiations, countries which are unable to produce or purchase commercially adequate food for immediate needs, and which meet the poverty criterion established for International Development Association financing are to receive not less than 75 percent of the food aid commodities allocated and agreed to be delivered in each fiscal year unless the President certifies that such food assistance to other countries is required for humanitarian purposes or the required 75 percent allocation could not be used effectively.

Agreements for sales of agricultural commodities for foreign or local currencies had not been authorized since December 31, 1971, until enactment of the Food Security Act of 1985. In cases where dollar credit sales are not possible, convertible foreign currency credit sales are authorized on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement.

In order to stimulate and increase sales for dollars through credit, this title provides for sales of U.S. farm products under long-term credit arrangements. The purpose is to expand international trade, develop and expand export markets, support U.S. foreign policy interests, and encourage economic development in the developing countries. Agreements are made with the governments of friendly nations.

Repayments for agricultural commodities sold under Title I may be made, with interest at the minimum rates set by law, either in U.S. dollars on credit terms up to 20 years, with a grace period of up to two years; or in foreign currencies convertible to dollars for up to 40 years, with a grace period of up to ten years. Interest is charged from the date of last delivery in each calendar year. Payments received each year are applied against current costs to reduce the appropriation request.

Under certain conditions, the President is authorized to require payment upon delivery, in dollars or foreign currencies, of amounts needed for payment of U.S. obligations and certain other purposes. Whenever practicable, terms of agreements must require payment at time of delivery of not less than 5 percent of the purchase price in dollars or in currencies convertible to dollars. These initial payments are made to exporters and reduce the commodity costs financed.

Sales agreements may now also be made for local currencies which are to be loaned to financial intermediaries in the recipient countries. Under such agreements, the financial intermediaries loan these same currencies to promote private enterprise investment. Currency repaid by a financial intermediary may be loaned to develop new markets for U.S. agricultural commodities, used to pay U.S. obligations, or converted to dollars. Sales agreements for currency loans shall be made at an annual level of not less than ten percent of the total value of all sales made under this title, unless the minimum compliance would significantly reduce the total level of commodities furnished, or if such sales agreements would generate currency in amounts that could not be productively used and absorbed in the country's private sector.

Under the Food for Progress Act of 1985, the Corporation may finance the sale and exportation of agricultural commodities on credit terms, or on a grant basis, to support countries that have commitments to introduce or expand free enterprise elements in their agricultural economies. For commodities furnished on a grant basis, the Corporation may pay, in addition to acquisition costs and ocean transportation, such related commodity and delivery charges as are specified for commodities supplied under Title II.

For most sales agreements under Title I, the Corporation will pay ocean freight charges only to the extent of the differential between U.S.-flag rates and foreign-flag rates when U.S.-flag vessels are required to be used by authority of the Cargo Preference Act. In limited cases, full transportation costs to port of entry or point of entry abroad may be included with the cost of the commodity in the amount financed by CCC to ensure that U.S food aid will reach the most needy recipients. On agreements made under Title III Food for Development, the Corporation may finance freight from U.S. ports to ports of entry or to designated points of entry abroad in the case of landlocked countries.

TITLE III

The estimates for Title I include estimated costs of financing Food for Development Programs under Title III. Commodities may be furnished for periods from one to five years following a Presidential determination of country eligibility and formulation of approved development projects or activities. Unless a Presidential waiver with an accompanying explanation of such action is reported to Congress, agreements entered into under Title III for fiscal year 1986 and succeeding fiscal years shall have an aggregate value of not less than 10 percent of the aggregate value of all agreements entered into under Title I for the corresponding fiscal year.

Proceeds from the sale of Title III commodities are to be disbursed for such purposes as approved in the agreement with each country and the disbursements shall be considered as payments for the purposes of sec. 103(b) of this Act. When commodities are used in development projects, the dollar sales value of such commodities shall be deemed to be a disbursement at the time of use. No other payment shall be required as part of any agreement to finance the sale of agricultural commodities under a Food for Development Program. Construction of food grain storage facilities, expansion of private bank credit in rural areas and developing farm irrigation systems are among the projects undertaken with the Title III proceeds.

For the fiscal years 1979 through 1988, the total value of Title III agreements signed with Bangladesh, Bolivia, Egypt, Honduras, Senegal, and Sudan was approximately $1,151.3 million. In fiscal 1989 new agreements or amendments to existing multi-year agreements with an export value of $97.0 million were signed with Bangladesh and Bolivia.

In fiscal year 1989, Bangladesh faced severe food shortages as a result of drought and floods. The $80.0 million in fiscal year 1989 assistance included $58.0 million in wheat, $10.0 million in rice, and $12.0 million in upland cotton. In this third year of a three year agreement, Bangladesh continued to implement several major reforms to enhance food consumption and nutrition, increase agricultural production, increase employment and improve food distribution and management.

Bolivia signed an amendment to an on-going Title III Food for Development Program in fiscal year 1989, bringing the four year total financing under that agreement to $77.0 million. Title III projects currently underway include loan making to small farmers for livestock production and marketing credit, strengthening producer organizations, constructing houses for flood victims and controlling communicable diseases. Bolivia was allocated $17.0 million to import U.S. wheat under Title III during fiscal year 1989.

TITLE II

Under Title II, as amended, commodities are supplied to developing countries to combat malnutrition, to meet famine or other urgent relief requirements, provide assistance for needy persons and nonprofit school lunch and preschool feeding programs outside the United States, and carry out the United States' commitment to the World Food Program. Beginning January 1, 1967, the Food for Peace Act of 1966 authorized financing the costs of CCC commodities disposed of through voluntary agencies from this appropriation.

The authorizing legislation requires that a minimum of 1.9 million metric tons (grain equivalent basis) of agricultural commodities be programmed each fiscal year from 1987 through 1990 under Title II. Of that amount, 1.425 million metric tons (grain equivalent basis) are to be distributed for nonemergency programs through voluntary agencies and the World Food Program, unless the President determines and reports to the Congress that such an amount cannot be used effectively or that the quantity is not available.

Commodities requested may be furnished from the Corporation's inventory acquired under price support programs or purchased from private stocks. Commodities furnished from the Corporation's inventory which are acquired under a domestic price support program are valued at a price not greater than the export market price at the time of delivery for purposes of determining the reimbursement due the Corporation.

The Corporation also finances the costs of ocean transportation to ports of entry, or to points of entry other than ports in the case of landlocked countries, or when the use of a point of entry other than port would result in substantial savings in costs or time. The Corporation may also pay transportation costs from designated ports of entry or points of entry abroad to storage and distribution sites, and associated storage and distribution costs for commodities, including prepositioned commodities, made available to meet urgent or extraordinary relief requirements.

Local distribution is usually made by nonprofit voluntary agencies, including foreign voluntary agencies when no United States agency is available, as well as by local governments. To the extent feasible, distribution priority is to be given to those suffering from malnutrition.

Assistance is directed toward activities designed to alleviate the causes of the need for such aid. Beginning in 1986, programs of assistance shall not be undertaken under this title during any fiscal year which call for an appropriation to reimburse the Corporation in excess of $1 billion plus the unused prior year's authorization.

FOOD SECURITY WHEAT RESERVE

The Food Security Wheat Reserve was established under authority of the Food Security Wheat Reserve Act of 1980 (P.L. 96-494). The Act authorizes a reserve of up to four million metric tons of wheat which can be made available for programming through P.L. 480 to provide emergency humanitarian food assistance to developing countries.

Wheat from the reserve can be released by the President under the following two conditions. First, up to four million metric tons of the reserve can be made available for P.L. 480 programming any time the U.S. domestic supply of wheat is so limited that quantities of wheat cannot be made available for P.L. 480 under the availability criteria set forth in Section 401(a) of the Agricultural Trade Development and Assistance Act of 1954. Second, up to 300,000 metric tons of wheat may be released from the reserve in any fiscal year for use under Title II to provide urgent humanitarian relief in any developing country suffering a major disaster, and when the normal means of obtaining commodities for food assistance make timely programming impossible. Reimbursement to the Corporation for wheat released from the reserve is to be made from funds made available to P.L. 480 at the lower of the actual costs incurred by the Corporation or the export market price of wheat, as determined by the Secretary, at the time of export.

On October 26, 1988, the President authorized the release of up to 1.5 million metric tons of wheat from the reserve for use in P.L. 480 programs during fiscal year 1989. This release was prompted by the reduced domestic supply of wheat. Approximately 55 million bushels (1.5 million metric tons) of wheat were committed in fiscal year 1989 for use in the Titles I/III and the Title II programs. On September 14, 1989, the President authorized the release of an additional 2.0 million metric tons of wheat for use in P.L. 480 Titles I/III and Title II programs. The use of the entire 2.0 million metric tons would leave approximately 18 million bushels of wheat in the reserve.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of $53,769,000 for financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities under the Food for Progress Act of 1985 (Titles I and III).

ITEM	1989 1/ Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Program:				
Expenses of shipments:				
Commodity costs:				
Foreign currency.......	$18,164,199	$24,598,000	---	$24,598,000
Long-term credit.......	710,864,772	765,002,000	-$37,200,000	727,802,000
Total Commodity costs	729,028,971	789,600,000	(a) -37,200,000	752,400,000
Ocean transportation (long-term credit)....	5,354,245	---	---	---
Ocean freight differential (support of U.S. Merchant Marine:				
Foreign currency....	1,220,207	4,827,000	---	4,827,000
Long term credit....	43,331,031	54,536,000	+5,237,000	59,773,000
Total ocean freight differential.......	44,551,238	59,363,000	(b) +5,237,000	64,600,000
Total foreign currency..	19,384,406	29,425,000	---	29,425,000
Total long-term credit..	759,550,048	819,538,000	-31,963,000	787,575,000
Total expenses of shipments................	778,934,454	848,963,000	-31,963,000	817,000,000
Financing:				
Receipts from:				
Sales of foreign currency................	-77,525,471	---	-50,000,000	-50,000,000
Repayments on long-term credit.................	-383,748,087	-344,000,000	-40,000,000	-384,000,000
Subtotal..............	-461,273,558	-344,000,000	-90,000,000	-434,000,000
1988 funds used for 1989 costs...............	-469,952,050	---	---	---
1989 funds used for 1990 costs...............	551,391,154	-551,391,154	+551,391,154	---
1990 funds used for 1991 costs...............	---	352,050,154	-704,100,308	-352,050,154
1991 funds used for 1992 costs...............	---	---	+220,903,154	220,903,154
Net financing.........	-379,834,454	-543,341,000	(c) -21,806,000	-565,147,000
Total available or estimate................	399,100,000	305,622,000	-53,769,000	251,853,000

1/ Reflects net transfers of $69.0 million in program level and appropriation from Titles I/III to Title II under authority provided in the FY 1989 Appropriation Act.

(a) A decrease of $37,200,000 in commodity costs ($789,600,000 available in 1990). The decrease mainly reflects the expectation that commodity unit prices, particularly for wheat, will return to pre-drought rates.

(b) An increase of $5,237,000 in ocean transportation financing and ocean freight differential ($59,363,000 available in 1990). This increase reflects higher metric tonnage shipments.

(c) A decrease of $21,806,000 in net financing due to the application of prior year funds and receipts to program costs ($543,341,000 available in 1990). Higher projected long term credit repayments and sales of foreign currency reduced the net financing costs in fiscal year 1991 versus fiscal year 1990 for Title I. Long-term credit repayments are estimated at $384.0 million in fiscal year 1991, $40.0 million higher than the $344.0 million in repayments projected for fiscal year 1990. In addition, sales of foreign currency receipts in fiscal year 1991 are projected at $50.0 million as compared to no foreign currency sales receipts expected for fiscal year 1990. Lower prior year unobligated funds available to reduce Title I financing costs in fiscal year 1991 of $131.1 million versus $199.3 million in fiscal year 1990 partially offset the decrease.

Program costs consist of the export value of commodities shipped, authorized ocean freight differential costs for shipments made in U.S.-flag vessels, and authorized ocean freight financing expenses.

Following is a breakdown of expenses of shipments by commodity for the fiscal years 1989, 1990, and 1991. (NOTE--Credits (-) shown for initial payments to exporters are authorized by Sec. 103(k) of Title I. These initial payments are made directly to the exporters by the importers. The Corporation does not receive these payments.):

Public Law 480, Titles I and III
Expenses of shipments--Sales for foreign currencies and for dollars on credit terms, 1989-1991:

Commodity	Unit of Measure	1989 Actual		1990 Estimate		1991 Estimate	
		Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:							
Corn......................	bushel	6,709,916	$20,270,049	9,744,681	$22,900,000	9,288,889	$20,900,000
Wheat and products..........	bu. eq.	131,451,731	463,613,226	84,764,203	329,900,000	111,716,473	410,200,000
Rice, milled................	cwt.	5,588,182	72,482,240	5,767,818	78,500,000	4,497,816	61,800,000
Cotton, upland..............	bale	37,828	12,018,802	49,383	20,000,000	33,248	12,800,000
Vegetable oil products......	pound	605,454,483	138,517,367	620,793,788	143,900,000	692,289,570	149,600,000
Tallow......................	pound	125,355,782	22,127,287	98,314,607	14,000,000	84,803,256	12,500,000
Wood........................	Met.Ton	---	---	56,002	7,600,000	---	---
Allocated-no commodity designation..................	Met.ton	---	---	300,000	62,400,000	---	---
Unallocated reserve a/......	Met.Ton	---	---	633,000	126,500,000	560,000	100,000,000
Initial payment to exporters		NA	---	NA	-16,100,000	NA	-15,400,000
Total commodity costs....		---	729,028,971	---	789,600,000	---	752,400,000
Ocean transportation........	Met.Ton	b/ 1,999,559	49,905,483	c/ 2,026,544	59,363,000	d/ 2,151,209	64,600,000
Total expenses of shipment..		---	778,934,454	---	848,963,000	---	817,000,000

a/ The unallocated reserves for fiscal years 1990 and 1991 will be allocated in accordance with the Foreign Assistance Act of 1961, as amended, and the Agricultural Trade Development and Assistance Act of 1954, as amended, including Section 401 of that Act.

b/ Based on 50.0 percent of tonnage on U.S.-flag vessels at average rate. Includes $5,354,245 for ocean transportation financing.

c/ Based on 50.0 percent of tonnage on U.S.-flag vessels at average rate.

d/ Based on 50.0 percent of tonnage on U.S.-flag vessels at average rate.

The following table shows account receivable activity for amounts billed, repayments, and amounts owed by foreign governments and private trade entities for Title I long-term credit sales, including the Title III, Food for Development Program, for fiscal years 1989, 1990, and 1991:

	1989 Actual	1990 Estimated	1991 Estimated
Balance outstanding, start of year:			
Principal	$11,632,252,061	$12,203,946,419	$12,808,872,419
Interest	352,321,662	353,848,696	370,079,696
Total	11,984,573,723	12,557,795,115	13,178,952,115
Amounts billed during year:			
Principal	873,009,308	848,963,000	817,000,000
Interest	286,839,570	315,594,000	331,237,000
Total	1,159,848,878	1,164,557,000	1,148,237,000
Repayments:			
Principal	-301,314,950	-244,037,000	-278,198,000
Interest	-285,312,536	-299,363,000	-314,202,000
Total	-586,627,486	-543,400,000	-592,400,000
Balance outstanding, end of year:			
Principal	12,203,946,419	12,808,872,419	13,347,674,419
Interest	353,848,696	370,079,696	387,114,696
Total	12,557,795,115	13,178,952,115	13,734,789,115

(2) A decrease of $26,599,000 in amounts for financing commodities supplied in connection with dispositions abroad (Title II).

	1989 1/ Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Program:				
Expenses of shipments:				
Commodity costs	$597,651,643	$474,720,000	(a) -$57,580,000	$417,140,000
Ocean transportation and inland distribution costs	241,912,932	197,879,000	(b) +30,981,000	228,860,000
Total expenses of shipments	839,564,575	672,599,000	-26,599,000	646,000,000
Purchase of foreign currencies for use in self help activities	---	---	---	---
Total expenses of shipments	839,564,575	672,599,000	-26,599,000	646,000,000
Financing:				
1988 funds used for 1989 costs	-595,015,237	---	---	---
1989 funds used for 1990 costs	454,450,662	-454,450,662	+454,450,662	---
1990 funds used for 1991 costs	---	454,450,662	-908,901,324	-454,450,662
1991 funds used for 1992 costs	---	---	+454,450,662	454,450,662
Net financing	-140,564,575	---	---	---
Total available or estimate	699,000,000	672,599,000	-26,599,000	646,000,000

1/ Reflects net transfers of $69.0 million in program level and appropriation from Titles I/III to Title II under authority provided in the FY 1989 Appropriation Act.

(a) A decrease of $57,580,000 in commodity costs ($474,720,000 available in 1990). Although commodity shipments are projected to be higher, this decrease reflects the expectation that commodity unit prices will return to their pre-drought rates.

(b) An increase of $30,981,000 in ocean transportation and inland distribution ($197,879,000 available in 1990). This increase is due to higher metric tonnage shipments.

Costs financed include payment to the Corporation for its investment in commodities made available, including acquisition costs, storage, processing and packaging, inland transportation, and handling charges. Commodities supplied from the Corporation's inventory, if acquired under a price support program, are valued at a price not greater than the export market price at the time of delivery. Costs of ocean transportation are paid from U.S. ports to designated ports of entry abroad, or designated points of entry in landlocked countries, as well as any foreign currencies purchased for use in self-help activities.

The following table shows estimated expenses of shipments of commodity for fiscal years 1989, 1990, and 1991:

Public Law 480, Title II
Expenses of shipments-- Commodities supplied in connection with dispositions abroad, 1989-1991:

Commodity	Unit of Measure	1989 Actual		1990 Estimate		1991 Estimate	
		Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:							
Corn........................	bushel	6,469,339	$20,034,384	4,850,863	$12,360,000	2,290,036	$5,617,000
Corn products.............	pound	148,414,063	13,132,383	182,256,729	13,565,000	150,343,647	10,939,000
Grain sorghum...........	bushel	2,627,212	7,173,483	390,014	878,000	2,173,271	5,002,000
Sorghum products.........	pound	24,248,692	2,364,680	23,528,090	2,094,000	73,709,302	6,339,000
Oat products..............	pound	5,995,897	1,185,065	---	---	---	---
Total feed grains......		---	43,889,995	---	28,897,000	---	27,897,000
Wheat.......................	bushel	35,126,810	143,073,210	9,046,717	35,825,000	15,927,501	59,537,000
Wheat flour.................	pound	293,917,213	28,367,129	169,321,101	18,456,000	171,974,708	17,679,000
Bulgur.......................	pound	587,279,263	56,251,166	321,178,025	40,537,000	312,275,333	22,065,000
Other wheat products.........	pound	29,259,023	5,089,305	---	---	---	---
Total wheat and products..	bu.equ.	55,320,713	232,780,810	19,925,988	94,818,000	26,668,167	99,281,000
Rice, milled................	cwt.	5,898,087	77,494,119	1,983,280	26,992,000	1,802,547	24,767,000
Beans, dry edible...........	cwt.	815,549	22,460,045	520,800	18,426,000	294,325	7,676,000
Blended food products.......	pound	547,318,150	77,502,682	613,579,000	73,060,000	346,588,851	39,770,000
Peas, dry whole.............	pound	77,074,346	13,534,780	45,085,000	6,136,000	23,984,093	3,317,000
Cheese......................	pound	---	6,516	---	---	---	---
Milk, nonfat dry............	pound	49,461,308	2,137,495	---	---	---	---
Total dairy products......	pound	49,461,308	2,144,011	---	---	---	---
Vegetable oil products......	pound	356,020,756	127,834,922	236,437,000	81,263,000	164,796,034	58,173,000
Lentils.....................	pound	---	10,279	35,893,000	6,755,000	32,855,643	6,259,000
Unallocated Reserve.........	met.ton	---	---	384,000	138,373,000	655,000 1/	150,000,000 1/
Total commodity costs....		---	597,651,643	---	474,720,000	---	417,140,000
Ocean transportation........	met.ton	2,452,782	241,912,932	1,622,000	197,879,000	1,876,000	228,860,000
Total expenses of shipment..		---	839,564,575	---	672,599,000	---	646,000,000

Note: Metric tonnage shown is based on the pounds of products on which freight is actually paid, not on bushel equivalent of grain.

1/ Fiscal year 1991 reserve is subject to change.

THURSDAY, MARCH 1, 1990.

OFFICE OF THE GENERAL SALES MANAGER

WITNESSES

RICHARD T. CROWDER, UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

F. PAUL DICKERSON, GENERAL SALES MANAGER

CHRISTOPHER GOLDTHWAIT, ASSISTANT GENERAL SALES MANAGER

EARL C. HADLOCK, ASSISTANT ADMINISTRATOR, MANAGEMENT, FOREIGN AGRICULTURAL SERVICE

BESA L. KOTATI, DIRECTOR, BUDGET AND FINANCE DIVISION, FOREIGN AGRICULTURAL SERVICE

STEPHEN B. DEWHURST, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

INTRODUCTION OF THE GENERAL SALES MANAGER

Mr. WHITTEN. We now turn to the Office of the General Sales Manager.

Mr. ANDERSON. I'd like to introduce Paul Dickerson, the General Sales Manager. Paul has a summary statement he would like to give.

Mr. WHITTEN. Maybe we should just change your title a little bit.

Mr. DICKERSON. The General Sales Manager, you mean, sir?

Mr. WHITTEN. Yes. The title has kind of gotten out of date with what they have you doing now.

OPENING REMARKS

Mr. DICKERSON. Mr. Chairman, I'd like to present an abbreviated summary statement to you at this time. My full statement has been provided for the record.

Mr. WHITTEN. You may proceed as you want to.

Mr. DICKERSON. Thank you, sir. The programs of the General Sales Manager's office had a direct impact on more than $8 billion of farm exports in fiscal year 1989.

This represented about 20 percent of all U.S. agricultural exports.

Mr. WHITTEN. Is that in terms of present day dollars?

Mr. DICKERSON. Yes, sir.

Mr. WHITTEN. Go ahead.

Mr. DICKERSON. In many foreign markets, the access for agricultural products continues to be restrictive. Also, some foreign competitors use an array of trade enhancement tools, some of which result in unfair competition.

EFFECTIVENESS OF EXPORT PROGRAMS

The Food Security Act of 1985 has helped to reassert the U.S. export position through a fully integrated battery of programs that provide products at prices that can compete in international markets.

Such programs as export enhancement, targeted export assistance, and others are offsetting unfair competition. Our direct sales program permits us to sell directly from Commodity Credit Corporation inventories and our other food assistance programs address both humanitarian and market development goals.

EXPORT CREDIT GUARANTEE PROGRAMS

The use of our Export Credit Guarantee Programs continued at a high level in fiscal year 1989. Virtually all of the available short term credit guarantees resulted in registered export sales.

In fact, some $4.8 billion in export sales were registered under the GSM–102 program out of a total of $5 billion made available.

This program has been an important tool in helping exporters develop significant market shares in 22 countries. Fiscal year 1989 was the third full year for the GSM-103 Intermediate Export Credit Guarantee Program.

Sales registrations jumped 17 percent to slightly more than $425 million. Wheat and feed grains were the major commodities covered.

Sales registrations for both GSM-102 and GSM-103 will probably approach full use again in fiscal year 1990.

PUBLIC LAW 480

Over the years, the Public Law 480 Program has an excellent record in supporting the market development, economic, humanitarian and foreign policy goals of the United States.

Title I concessional sales are effective in both economic development and creating commercial markets for U.S. farm products.

Last year, Title I programs were carried out with 26 countries with an estimated value of over $740 million. Title III Food for Development agreements valued at $97 million were signed with Bangladesh and Bolivia.

Title III programs were used for projects to improve the recipient's farm production and agricultural infrastructure. Food for Progress agreements are used to stimulate policy changes toward a more market-oriented economy.

Under the Title II food donation program, the United States extended a helping hand to malnourished people in 70 countries.

Last year, we donated 2.1 million tons of food commodities valued at nearly $700 million, including ocean and internal transportation costs.

CCC EXPORT PROGRAMS

Under Section 416 authority, the United States approved slightly more than one million tons of CCC-owned commodities for donation overseas.

Sorghum accounted for 60 percent and corn 40 percent of total approvals. The Export Enhancement Program continues to be an exceedingly important instrument for maintaining market shares in the face of unfair trade practices.

In fiscal year 1989, we used slightly under half of the available funding for this program because of the drought which reduced U.S. crops and the fact that U.S. prices were competitive during the early part of the marketing year.

The Targeted Export Assistance program has strengthened the overall ability of U.S. agriculture to compete in markets jeopardized by unfair trade practices.

It has especially proven helpful for many commodities not covered by our other programs. USDA announced TEA allocations totaling $200 million in fiscal year 1989 to conduct promotional activities for 47 commodity programs in more than 100 markets.

Other efforts to boost U.S. farm exports include the direct sales program under which the CCC sold 84,000 tons of butter and butter oil valued at $137 million, the largest sales volume since fiscal year 1981, and the highest sales prices of the past decade.

The Hunger Prevention Act of 1988 extended the CCC direct sales mandate through fiscal year 1990. We exceeded the annual mandate of 150,000 tons of CCC-owned dairy products in 1986 and 1987 but the CCC did not have sufficient variety and amount of commodities in stocks during 1988 and 1989 to achieve that target.

Last year, we implemented the Sunflower Seed Oil Assistance Program, known as SOAP, to facilitate additional sales in targeted countries, resulting in nearly 55,000 tons of sunflower seed oil being shipped to Egypt.

PROGRAM IMPROVEMENTS IN RESPONSE TO AUDITS

The Department's Office of Inspector General and the GAO have audited the Credit Guarantee Programs, the Targeted Export Assistance Program, and the Export Enhancement Program.

We have responded to the auditors' concerns and have made some important management changes. We are working both to improve program accountability, price reviews, and other internal procedures, and to publish necessary changes in program regulations.

FISCAL YEAR 1991 BUDGET

Our budget recommendations for fiscal year 1991 reflect the continued importance of USDA's export programs in helping U.S. farm products remain competitive in the international market place.

Specifically, we recommend a program level of $5 billion for short term credit guarantees, GSM-102, $500 million for intermediate export credit guarantees, GSM-103, almost $1.5 billion for Public Law 480, $817 million for Title I and III, $646 million for Title II, and $8.1 million for the General Sales Manager's office.

This concludes my statement, Mr. Chairman.

[Clerk's note.—The biographical sketch of Mr. Dickerson appears on page 277. Mr. Dickerson's statement appears on pages 278 through 293. The explanatory notes appear on pages 294 through 303.]

SECRETARY OF AGRICULTURE HEARING

Mr. **Whitten**. Thank you very much, and may I say that I would like to put in the record at this point the points I made when the Secretary himself was here, a very able man and a long time friend.

I put in the record in connection with his testimony what we have done to the American farmer over the last number of years.

[The statement follows:]

February 21, 1990

HONORABLE JAMIE L. WHITTEN, CHAIRMAN

HOUSE COMMITTEE ON APPROPRIATIONS

Opening Statement

Fiscal Year 1991 Hearing

Secretary of Agriculture

Mr. Secretary:

We are glad to have you before us. I have read your prepared statement as well as your report entitled, "Rural Economic Development in the '90's." I realize that many of the problems of agriculture and the rural areas of the United States originated over the last ten years and before you took over on February 8, 1989.

However, knowing of your success as head of the Chicago Mercantile Exchange and, may I say, knowledge of your ability, I had high hopes you might reverse the course followed for the past eight years.

I regret to say up to now I have seen no signs of a return to the policy of letting the farmers get a fair price from the buyer and restore his volume as he did for 48 years.

We still have an OPEN DOOR policy for imports. We no longer use the Commodity Credit Corporation for the purpose for which it was created of stabilizing farm income by loans and purchases, and using its authority to sell to regain and retain our share of world markets.

Our hearings show that to a world where hundreds of millions of people need food and clothing, we are paying our farmers not to produce.

Imports pour in. As we have pointed out in our last check up, as many as 640 truckloads of farm commodities came across into the U.S. from Mexico at one crossing in one day, and so it goes.

Under existing law, when the Tariff Commission finds that imports threaten domestic industry and recommends to the President, he can limit, tax or prohibit such imports.

We know of no effort to call for such action.

The Department and the Executive Branch seem to have no idea that the restrictions against imports are for the purpose of supporting their own industry.

Instead of your Department requesting such action, your reports do seem to accept this action by our competitors.

Instead of our Tariff Commission acting to set in motion the protection authorized by law, you seem to accept the situation. Yet, our hearings show that all other countries, except where there is a specific agreement, sell what they have and don't need for what it will bring.

True it is that you have set up the Export Enhancement Program, which costs us $2.9 billion, but the money goes to the exporters and is charged to the farmers.

You spend $730 million for certain American companies to promote their product abroad--this, too, is charged to agriculture.

As you point out, only nine percent of rural people live on the farm--that has nothing to do with the fact that agriculture remains our biggest industry, our largest employer of labor and, normally, our greatest dollar earner in world trade.

We read about this "one world business." Our country seems to be the only country that follows that course. Each day we read of further promises to financially support various new countries--money we will have to borrow!

For years we have pointed out that you can't kick your largest industry down without wrecking our national economy.

It might be said, it has come to pass!

What has been the impact of these policies?

The national debt, $932.3 billion in 1981, has grown to over $3.0 trillion, larger than the debt of any nation in the history of the world, despite our Committee holding the line. We are now faced with having to borrow money from foreign countries to finance our debt. Interest on that debt in fiscal year 1990 is $180.0 billion; for fiscal year 1991 it is projected to be $185.0 billion, which comes off the top of our economy. Our trade deficit has gone from $19.3 billion in 1980 to $152.1 billion in the red in 1987, $119.8 billion in the red in 1988, and $108.6 billion in 1989.

In 1986, for the first time since 1914, the United States became a debtor nation, and now owes the largest debt of any nation ever throughout history.

This has occurred despite the fact the Committee, with the support of Congress, has consistently held the total of appropriations bills below the request of the President. Since 1945 the total of appropriations has been below the President's budget requests by $173.5 billion, yet by reason of entitlements, back door spending and the 1981 tax bill, our debt is now over $3.0 trillion.

Foreigners are buying up our country at an alarming rate–the Japanese already own most of the major buildings in Los Angeles and in many other major cities, including Honolulu. We're afraid to ask how much they own because we have to rely on them to finance our debt.

7

Farm Subsidies

Only the farmer is tagged with "subsidy." Labor has minimum wage and the bargaining power of labor unions, the benefits of which they pass on to the consumer. Industry adds its mark up, which is passed on to the consumer. And, formerly, agriculture, on basic commodities, was protected by a requirement that Commodity Credit Corporation stocks could be sold only for 110 percent of parity on the domestic market while selling abroad competitively as other countries. For the last ten years that authority has not been used, though it is still authorized.

What happened to the farmer is now happening to the Nation. We are selling off our assets and increasing our debt to keep up an appearance of economic well being. We are rapidly substituting service jobs for productive jobs.

With a debt of $3 trillion we are about to get in the situation of doing only what our creditors will let us do, if we have not already done so.

Also in 1981, agricultural policy was redirected from one of moving our surplus production in world markets at competitive prices to one of requiring the farmer to get his income through a check from the U.S. Treasury.

What has been the impact on agriculture?

American agriculture and rural areas of our country have suffered the greatest decline in history. The significance of this is even more startling when one remembers that agriculture is our largest industry, larger than the auto, steel and housing industries combined.

- Since 1980, according to your January 22 statement on Rural Development, "...about 400,000 rural people packed their bags and left rural America each year...."

- Since 1981, according to the Congressional Research Service, over 300,000 farmers, or over 12 percent, have been forced off their farms.

- As the land was foreclosed or taken over and people were forced off their farms, Farmers Home would not let the farms be sold to relatives--thousands of farms were sold that had been in the same family for generations. Instead, they let the land be sold to insurance companies and large corporate farmers, who got first pick at the best land.

- Since 1981 our agricultural exports have declined from $43.8 billion to a low of $26.2 billion in 1986 and back to $40.0 billion this year, as you point out. Yet, adjusted for inflation, they are still one-half the pre-1981 level. Under the Department's program, the profit has gone to the exporter but the cost is charged to the farmer.

o Through the years the farmer has been discriminated against by his government. During World War II the government asked the farmer to plant fence-to-fence to help with the war effort. When the war was over the government gave $20 billion to industry to help it adjust back to more normal conditions, but it did nothing to help the farmer.

--During World War II we placed an embargo on exports, except at government fixed prices. Cotton was sold to Spain for 46 cents. They, in turn, could resell it for 96 cents.

--We turned our surplus butter over to New Zealand so they could sell it to Russia at 50 cents a pound profit.

- In 1980 President Carter placed an embargo on sales to Russia because of her invasion of Afghanistan. The embargo didn't hurt Russia. We just transferred our farmers' market to our competitors.

- Under the PIK program in 1983, which cost over $12 billion, our domestic production was reduced by 11 percent, our exports were reduced by 11 percent, and our competitors overseas increased their production and sales by that 11 percent.

- We now have more than 70 million acres of land out of production and idle, either through foreclosure or government efforts to create shortages and, thereby, prop up prices.

- When Congress passed legislation in 1977 to provide farmers some debt relief, the Department ignored it. When Congress passed legislation requiring it, the Department delayed implementing the law for one year and then required the farmer to complete all the paperwork in 45 days.

- The policy of the last nine years has wrecked the economy of rural America, as shown by the proposed "Rural Development Initiative" which would fund rural development programs at a much lower level than Congress provided last year.

- Many books have been written about the Great Depression, yet no one has ever been able to adequately explain why it lasted ten years. Recovery came only when we started at the ground level and restored purchasing power to agriculture. That is overlooked in your "Rural Development Initiative."

- CCC was set up so we could compete in world trade. Our competitors often deal on a government-to-government basis. Under our system we had no means to compete on equal footing so we set up CCC. For the last decade we've refused to use CCC and, instead, gave our profits to corporations rather than the farmer.

- The Wall Street Journal recently carried an article about the closing of auto plants. You would try to set people up in business where even established companies can't make it because you don't study the cause of the problem.

- Instead of using CCC, we have paid large international corporations, many foreign-owned, $2.9 billion in incentives during the last four years alone to move our commodities in world trade.

- Instead of using CCC, we have paid U.S. corporations $730 million in the last five years to promote their products.

- These costs are all charged to the farmer and the farm program because our government refuses to use CCC and section 32, which were set up to promote our exports.

- You recently released funds to help with the Medfly in California and the costs are charged to the farmer. That money is to protect the food supply of the consumer.

- To the Department, the farmer is still viewed as a supplier of cheap raw materials.

  –If you want more, pay him a higher price.

–If you want less, pay him a lower price–seemingly, you don't see that with fixed cost, he has a need for more units.

Present policies seem to accept farmer's plight and financial disaster for our country.

No where in this budget does there appear to be any recognition of from where our $3 trillion debt comes.

No where in this budget is there any indication that farmers can expect anything but more of the same.

No where in this budget or in your "Rural Development Initiative" is there any recognition given to the fact that the policies of the last decade have caused the problems faced in rural America.

Yet, Mr. Secretary, you seem to recognize that a serious problem exists as a result of past policies for on page 3 of your report you state:

> By the early 1980's, rural America had once again lost its economic momentum. People began leaving the country and small towns because they found limited opportunity for personal advancement in those areas.
>
> During much of the 1980's, about 400,000 rural people packed their bags and left rural America each year to seek employment in the cities.

and on page 4 you add:

> Agriculture remains the most important industry in rural America, but now employs relatively few people; this trend is likely to continue.
>
> Today only about nine percent of all rural people work on farms or ranches.

No where in this budget is there any indication that current policies will change. We meet our current obligations by:

–paying with borrowed money

–selling our assets

–inflating the dollar

How could this have been avoided?

Existing law enables the government to reinstate the farm programs which operated successfully for 48 years–a program where a fair price was received from the purchaser, both at home and abroad, where we kept our price competitive. During those 48 years farmers were, to a degree, kept in balance with industry and labor who are able to pass their increased costs on to the purchaser of their product.

Increasing the price the farmer receives would have only a small impact on prices. A 60-cent loaf of bread contains only 5 cents worth of wheat. A $16.00 cotton shirt has 43 cents worth of cotton. If we were to increase the price received by the farmer by 10 percent, it would only add a penny or two to the cost of these items, if only that were passed on. Under our system, however, the retailer would charge what the traffic would bear.

Prior to 1981 the total cost of the farm program over its 48-year history was $72.5 billion. In the past nine years alone, it has cost almost $140 billion--nearly double.

Mr. Secretary, after the policies of the past decade you're now dealing with what's left of the farmers.

If we are to handle the existing debt, we are going to have to produce more than we need and sell it in world trade.

We must limit imports to those things we really need, as other countries do.

We must have productive jobs, with value received as we did in the 1983 Jobs Bill.

DAIRY SALES

Mr. **Whitten**. I noticed in your statement you discuss the selling of dairy products. I also note that you were directed through the Food Security Act of 1985 to export these products, but you quit as soon as you carried out the dictates of Congress.

You were required to sell it, and you sold it, but you didn't sell a pound more. It's the first time you've had a sale since 1981.

I'm familiar with the 1981 situation. One of the odd things about it is the rest of the world doesn't like salt in its butter like we Americans do. We put it in the butter even when we know it's surplus therefore it doesn't sell on the market.

Back in 1980, we got upset when Russia invaded Afghanistan, so the President placed an embargo on sales to Russia. We turned our surplus butter over to New Zealand so they could sell it to Russia at 50 cents a pound profit.

You have the authority and the title of Sales Manager, which you're getting your pay to be, and all you sell is what you're told to sell. You quit selling as soon as you sold what you were required to.

So should we write some legislation in the bill telling you what you have to do? I'm asking you.

Mr. **Dickerson**. We continue to try to sell——

Mr. **Whitten**. No, you did what they told you you had to do, but nothing more.

Mr. **Dickerson**. We didn't stop trying, sir. We continue to try to sell butter. I might point out that the——

REPRESENTING AMERICAN FARM INTERESTS

Mr. **Whitten**. Who are we going to get to represent the farm interests? I'm calling for your own statement. Who is it that called the shots which made us give away the interests of the American farmer and build up a $3 trillion debt, bigger than any Nation in history has ever had?

We've got an advantage over the whole world in our ability to produce food and fiber. According to written testimony, there are over 100 countries to whom we sell guns and ammunition where the people are hungry and in need of food and clothing.

What can we do to get you to do the job your position was set up to do? Should we make your appropriation contingent on your meeting that responsibility? I'm waiting for an answer. Do you all want to draw straws?

Mr. **Crowder**. We didn't all want to speak at the same time. A couple of points, Mr. Chairman. First of all, we share your objective of increasing—

Mr. **Whitten**. Let me interrupt you for a moment and say, our economic situation is deadly serious, and it's pulling our country down. We have tried to point out for a number of years now, what it's doing to the farmer. We also tried to point out what it's going to do to the country if it didn't stop, and we're seeing the effect it's having on the country now. You may proceed.

EFFORTS TO EXPAND EXPORTS

Mr. CROWDER. We share your objective of increasing the exports of agricultural products. We think it's very important to the income of American farmers. If you go back and look at periods of "good times" in terms of agriculture, American agriculture fairs well when export markets are good.

We export a large share of a number of our crops, so without the export markets, we would have a much smaller agriculture, and the rural communities that you talk about as having trouble now would have even greater difficulty.

We are working hard to sell in the world market. Paul and his people are working daily to make product sales into the market.

Mr. WHITTEN. Whose side are they working on?

Mr. CROWDER. We're working on our side in terms of selling those.

Mr. WHITTEN. What would you think if you picked up a statement that showed an office or agency just carried out a directive and quit, even though they were running the store?

Mr. CROWDER. Well, I think we want to do more than——

Mr. WHITTEN. What can we do on this subcommittee to see that you do?

Mr. CROWDER. Well, I think performance reviews such as this are helpful in terms of asking questions.

Mr. WHITTEN. I appreciate that, because I didn't know how it was being taken. This is an old fight, as you can imagine, and just when you think you've won it, it all bounces away.

Mr. CROWDER. If it does, it's only for a very short period of time with us. Paul and I both have not had the deep experience of 28 years that Bud has had. I think Paul has been here about nine months, and I've been here a total of 11 months now, and we're working on improving market share, but even before we got here, if you look at our share of world markets, they have begun to come back, and we intend to continue to increase our access.

Mr. WHITTEN. Well, I realize that policies are usually made at a higher level, but I'm trying to get you all to argue with them.

It is time we realize we live in a competitive world and that these other countries are just taking advantage of us right and left.

SELLING OFF AMERICAN ASSETS

What we've said for ten years you're doing to the farmer has reached the National Government now. Not only do we have a $3 trillion national debt, but we're selling off our assets. Foreign countries own most of the major buildings in many of the big cities such as Los Angeles and New York. I was in Hawaii not long ago, and the Japanese have bought up all of the golf courses over there, and not because they play golf, which they do, but because they want the land. We're selling off our assets to meet current expenses.

This country is in a deadly serious situation. It's not your fault, but I do need your help in trying to get back our normal share of the world markets.

What we can do about it, I don't know. I raised this issue because I thought it needed to be raised. I appreciate the good job you all have done and your past records prove it, but we've reached the end of the road.

If we keep going like this and don't do something, we're going to go under and become a second rate power. Germany did it in the 1920's, they had to call in their money and issue some new money, but they went to work.

The hearings we've had clearly show that we're substituting service jobs for production. We've also got limits on us in Congress on what we can do. It seems that we've got enough money to address issues through research and we come up with solutions, but we can't get enough money to produce the solutions, so Japan takes what we discover and goes to town with it.

We have reached the point where we better look over what we're doing and follow through and produce, but we can't seem to save enough on our grocery bill to handle what we already face.

We're going to have to start producing and selling more than we need if we're going to ever handle this $3 trillion debt.

If we don't change our policies, I don't know how bad it is going to get.

REQUEST FOR ADDITIONAL STAFF

You are requesting an increase of $575,000 for 8 additional staff years. You state that your programs show a "lack of formal program regulations, inadequate documentation of policies and procedures, and a lack of internal review and evaluations of program effectiveness. * * *" Are these additional staff because of TEA and EEP? Your other programs, such as P.L. 480 and the credit guarantees, have been around for a number of years.

Mr. DICKERSON. It is the result of a combination of factors. We have been struggling over the years with balancing the expanding program levels of the TEA and EEP programs and the corresponding need for personnel resources. I believe that chronic personnel shortages in the early years of implementing the 1985 Farm Bill in part lead to the administrative deficiencies you mentioned. Compounding this situation was a dramatic increase in the level of sales registered under the Export Credit Guarantee Program, which has basically doubled since fiscal year 1987. So, is a combination of growth in both our traditional export programs and the new programs mandated by the 1985 Farm Bill.

Mr. WHITTEN. Of the 13 staff years you will add between 1989 and 1991, how many will be used to develop policies, procedures and regulations and how many will be assigned to internal reviews and evaluations?

Mr. DICKERSON. Eight of the 13 staff years will be used to improve administration and oversight of our commercial export programs which will include the development of policies, procedures and regulations as well as internal reviews and evaluations. The remaining 5 staff years will be directed toward operational requirements, particularly those associated with the Export Credit Guarantee Program.

OBJECT CLASSIFICATION TABLE

Mr. **Whitten**. Please provide for the record an object classification table for fiscal years 1989, 1990 and 1991?

[The information follows:]

GENERAL SALES MANAGER OBJECT CLASSIFICATION

[In thousands of dollars]

Object class and description	Fiscal years—		
	1989	1990	1991
11 Personnel compensation	5,229	5,552	6,129
12 Personnel benefits	929	986	1,089
21 Travel	290	253	253
22 Transportation of things	11	11	11
23 Rents, communications and utilities	371	300	300
24 Printing and reproduction	96	90	86
25 Miscellaneous services	198	150	150
26 Supplies and materials	54	51	51
31 Equipment	22	22	21
Total	7,200	7,415	8,090

CCC DIRECT SALES PROGRAM

Mr. **Whitten**. According to page 30g-25 of the explanatory notes, the Commodity Credit Corporation Charter Act provides legal authority for direct sales of CCC-owned commodities for export. What sales did you make under this authority during fiscal year 1989?

Mr. **Dickerson**. During fiscal year 1989 the Commodity Credit Corporation sold for export just over 84,000 metric tons of butter and butter oil, butter equivalent basis, with a value of $136.9 million. Major buyers included the Soviet Union, Mexico, Brazil, Iraq and Jamaica.

EXPORT ENHANCEMENT PROGRAM

Mr. **Whitten**. During fiscal year 1989, what is the total value of commodities exported under the Export Enhancement Program, and what is the amount of the bonus that was made on those exports?

Mr. **Dickerson**. The value of commodities exported under the Export Enhancement Program in fiscal year 1989 totaled approximately $2.8 billion, with bonuses totaling approximately $338 million.

Mr. **Whitten**. What is the average bonus paid on an EEP export, by year, for the last five years?

Mr. **Dickerson**. Bonuses paid under the program vary widely from country to country and across commodities. Therefore it would be impossible to ascertain an accurate average annual bonus awarded under the program. To illustrate, individual bonuses awarded under the Algeria wheat initiative have ranged from a high of $54.38 per metric ton to a low of $4.57 per metric ton between 1985 and 1988.

Mr. **Whitten**. Why do you feel it has varied so widely?

Mr. DICKERSON. As expected, variations in market conditions have resulted in changes over time between U.S. and competitor prices.

Mr. WHITTEN. How does the Foreign Agricultural Service or the Department of Agriculture determine what is an acceptable bonus?

Mr. DICKERSON. The bonus constitutes the difference between the U.S. and competitor's landed price in the targeted market. USDA has kept the bonus calculation procedure confidential and wants to continue in this way to ensure the integrity of the program.

Mr. WHITTEN. What changes have you made in the EEP program during the last year?

Mr. DICKERSON. Recent changes were made to address our auditor's concerns regarding accountability and operating procedures. The Department has redefined the original operating criteria for the EEP to take into account its effects on trade policy negotiations, U.S. agricultural exports, other exporting nations that do not subsidize agricultural production and exports, and overall benefits of subsidies under the program. The new guidelines were published in the Federal Register on November 27, 1989 and also issued as a Notice to Exporters.

EEP announcements now stipulate that records must be made available to representatives of the U.S. government for review, and must be retained for three years after the certificate is issued to the exporter. In addition, exporters have been alerted that they may be required to make available records that pertain to transactions conducted outside the program if such records are necessary to government auditors.

The Department has developed written policies and procedures for all aspects of the Export Enhancement Program.

EXPORT ENHANCEMENT PROGRAM SALES

Mr. WHITTEN. Would you please provide for the record a listing of all sales made under the EEP Program during fiscal year 1989?

Mr. DICKERSON. I will provide the requested information for the record.

[The information follows:]

1 FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
1	GSM-512-50-W-48C	$38,215.20	03-OCT-1988	PEAVEY COMPANY
2	GSM-500-87-W-7C	$44,094.48	05-OCT-1988	PEAVEY COMPANY
3	GSM-500-15-W-45C	$142,566.72	05-OCT-1988	MARUBENI AMERICA CORP.
4	GSM-500-15-W-46C	$124,192.47	05-OCT-1988	MITSUBISHI INT'L CORP.
5	GSM-500-15-W-47C	$150,023.03	05-OCT-1988	NISSHO IWAI AMERICAN
6	GSM-505-47-WF-6C	$302,471.12	06-OCT-1988	CONTINENTAL GRAIN CO.
7	GSM-508-63-PP-23C	$38,570.00	07-OCT-1988	GRESS FOODS, INC.
8	GSM-508-63-PP-24C	$96,425.00	07-OCT-1988	GRESS FOODS, INC.
9	GSM-508-63-PP-25C	$47,123.33	07-OCT-1988	GRESS FOODS, INC.
10	GSM-512-50-W-49C	$124,195.81	11-OCT-1988	CARGILL INC.
11	GSM-508-63-PP-26C	$8,265.00	11-OCT-1988	GOLD KIST, INC.
12	GSM-500-61-W-182C	$706,834.51	12-OCT-1988	TRADECOM, INC.
13	GSM-500-61-W-183C	$998,005.34	12-OCT-1988	CARGILL INC.
14	GSM-500-61-W-184C	$1,007,706.04	12-OCT-1988	FERRUZZI U.S.A., INC.
15	GSM-500-61-W-185C	$2,568,504.16	12-OCT-1988	CARGILL INC.
16	GSM-500-61-W-186C	$933,039.37	12-OCT-1988	FERRUZZI U.S.A., INC.
17	GSM-500-61-W-187C	$934,803.15	12-OCT-1988	NICHIMEN AMERICA, INC.
18	GSM-500-61-W-188C	$947,737.54	12-OCT-1988	FERRUZZI U.S.A., INC.
19	GSM-500-61-W-189C	$947,737.54	12-OCT-1988	FERRUZZI U.S.A., INC.
20	GSM-506-39-E-86C	$8,550.00	12-OCT-1988	DECOSTER EGG FARMS
21	GSM-500-15-W-48C	$247,434.10	13-OCT-1988	MITSUI GRAIN CORP.
22	GSM-500-61-W-190C	$845,144.43	18-OCT-1988	CARGILL INC.
23	GSM-500-61-W-191C	$643,779.41	18-OCT-1988	CONTINENTAL GRAIN CO.
24	GSM-500-61-W-192C	$861,956.17	18-OCT-1988	TRADIGRAIN, INC.
25	GSM-506-74-E-8C	$10,557.54	18-OCT-1988	NATIONAL FOOD CORP.
26	GSM-506-74-E-9C	$65,091.60	19-OCT-1988	NATIONAL FOOD CORP.
27	GSM-500-61-W-193C	$648,188.86	19-OCT-1988	LOUIS DREYFUS CORP.
28	GSM-500-61-W-194C	$896,587.76	19-OCT-1988	LOUIS DREYFUS CORP.
29	GSM-500-61-W-195C	$2,259,842.72	19-OCT-1988	CARGILL INC.
30	GSM-500-15-W-49C	$167,191.60	19-OCT-1988	NICHIMEN AMERICA, INC.
31	GSM-500-15-W-50C	$105,012.45	19-OCT-1988	NISSHO IWAI AMERICAN
32	GSM-500-3-W-159C	$673,175.73	19-OCT-1988	GARNAC GRAIN CO., INC.
33	GSM-500-3-W-160C	$995,800.34	19-OCT-1988	CONTINENTAL GRAIN CO.
34	GSM-500-3-W-161C	$1,041,732.09	19-OCT-1988	CONTINENTAL GRAIN CO.
35	GSM-500-3-W-162C	$937,007.70	19-OCT-1988	LOUIS DREYFUS CORP.
36	GSM-500-3-W-163C	$1,036,220.28	19-OCT-1988	CONTINENTAL GRAIN CO.
37	GSM-500-3-W-164C	$1,049,081.17	20-OCT-1988	LOUIS DREYFUS CORP.
38	GSM-500-3-W-165C	$1,074,619.42	20-OCT-1988	BUNGE CORP.
39	GSM-500-61-W-196C	$918,485.02	21-OCT-1988	BUNGE CORP.
40	GSM-500-61-W-197C	$701,102.23	21-OCT-1988	LOUIS DREYFUS CORP.
41	GSM-500-61-W-198C	$704,401.65	21-OCT-1988	CONTINENTAL GRAIN CO.
42	GSM-500-61-W-199C	$955,380.40	21-OCT-1988	LOUIS DREYFUS CORP.
43	GSM-500-61-W-200C	$2,421,522.52	21-OCT-1988	CARGILL INC.
44	GSM-500-61-W-201C	$848,083.99	21-OCT-1988	NICHIMEN AMERICA, INC.
45	GSM-500-61-W-202C	$860,724.48	21-OCT-1988	ENTRADE INT'L, LTD.
46	GSM-500-61-W-203C	$864,251.81	21-OCT-1988	CONTINENTAL GRAIN CO.
47	GSM-500-61-W-204C	$864,251.81	21-OCT-1988	CONTINENTAL GRAIN CO.
48	GSM-500-1-W-209C	$548,425.10	21-OCT-1988	CONTINENTAL GRAIN CO.
49	GSM-500-1-W-210C	$548,425.10	24-OCT-1988	CONTINENTAL GRAIN CO.
50	GSM-506-39-E-87C	$65,812.50	22-OCT-1988	DECOSTER EGG FARMS
51	GSM-500-61-W-205C	$657,007.75	25-OCT-1988	LOUIS DREYFUS CORP.
52	GSM-500-61-W-206C	$876,010.34	25-OCT-1988	LOUIS DREYFUS CORP.
53	GSM-500-61-W-207C	$879,684.88	25-OCT-1988	BUNGE CORP.
54	GSM-500-61-W-208C	$1,111,548.35	25-OCT-1988	LOUIS DREYFUS CORP.
55	GSM-500-61-W-209C	$682,354.65	25-OCT-1988	CONTINENTAL GRAIN CO.
56	GSM-500-61-W-210C	$1,174,015.85	25-OCT-1988	CARGILL INC.
57	GSM-500-61-W-211C	$756,912.66	25-OCT-1988	MITSUBISHI INT'L CORP.
58	GSM-500-61-W-212C	$762,834.50	25-OCT-1988	RICHCO GRAIN, LTD.
59	GSM-500-61-W-213C	$774,593.03	25-OCT-1988	CONTINENTAL GRAIN CO.
60	GSM-500-61-W-214C	$776,062.85	25-OCT-1988	CONTINENTAL GRAIN CO.
61	GSM-505-47-WF-7C	$599,430.74	26-OCT-1988	ADM MILLING COMPANY
62	GSM-500-1-W-211C	$481,364.74	27-OCT-1988	CAM USA, INC.
63	GSM-500-1-W-212C	$511,248.02	27-OCT-1988	GARNAC GRAIN CO., INC.
64	GSM-500-1-W-213C	$518,018.28	27-OCT-1988	CAM USA, INC.
65	GSM-500-61-W-215C	$752,545.79	28-OCT-1988	RICHCO GRAIN, LTD.
66	GSM-500-61-W-216C	$565,511.86	28-OCT-1988	CARGILL INC.
67	GSM-500-61-W-217C	$755,485.63	28-OCT-1988	CARGILL INC.
68	GSM-500-61-W-218C	$951,705.86	28-OCT-1988	CONTINENTAL GRAIN CO.
69	GSM-500-61-W-219C	$761,364.69	28-OCT-1988	CONTINENTAL GRAIN CO.
70	GSM-500-61-W-220C	$571,023.52	28-OCT-1988	CONTINENTAL GRAIN CO.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
71	GSM-500-61-W-221C	$573,338.53	28-OCT-1988	FERRUZZI U.S.A., INC.
72	GSM-500-61-W-222C	$955,564.13	28-OCT-1988	FERRUZZI U.S.A., INC.
73	GSM-500-61-W-223C	$574,330.60	28-OCT-1988	LOUIS DREYFUS CORP.
74	GSM-500-61-W-224C	$957,217.67	28-OCT-1988	LOUIS DREYFUS CORP.
75	GSM-500-61-W-225C	$576,535.43	28-OCT-1988	NICHIMEN AMERICA, INC.
76	GSM-500-61-W-226C	$964,750.48	28-OCT-1988	FERRUZZI U.S.A., INC.
77	GSM-500-61-W-227C	$777,532.66	28-OCT-1988	CONTINENTAL GRAIN CO.
78	GSM-500-61-W-228C	$781,942.11	28-OCT-1988	LOUIS DREYFUS CORP.
79	GSM-500-15-W-51C	$146,973.33	28-OCT-1988	C. ITOH & CO., (AMER.)
80	GSM-500-15-W-52C	$109,127.70	28-OCT-1988	MITSUBISHI INT'L CORP.
81	GSM-500-1-W-214C	$531,889.67	28-OCT-1988	CONTINENTAL GRAIN CO.
82	GSM-500-1-W-215C	$531,889.67	28-OCT-1988	CONTINENTAL GRAIN CO.
83	GSM-500-1-W-216C	$513,516.97	28-OCT-1988	CONTINENTAL GRAIN CO.
84	GSM-506-74-E-10C	$6,509.16	03-NOV-1988	NATIONAL FOOD CORP.
85	GSM-506-39-E-89C	$7,650.00	04-NOV-1988	NATIONAL FOOD CORP.
86	GSM-500-87-W-9C	$68,161.98	07-NOV-1988	INT'L MULTIFOODS
87	GSM-500-87-W-8C	$23,241.46	08-NOV-1988	HARVEST STATES COOP.
88	GSM-505-47-WF-8C	$610,012.82	10-NOV-1988	CONTINENTAL GRAIN CO.
89	GSM-500-1-W-217C	$541,076.02	10-NOV-1988	CONTINENTAL GRAIN CO.
90	GSM-504-52-B-7C	$123,009.88	10-NOV-1988	COPROSTATES, INC.
91	GSM-504-31-B-93C	$23,195.51	10-NOV-1988	LOUIS DREYFUS CORP.
82	GSM-504-31-B-94C	$384,430.75	10-NOV-1988	TOEPFER INTERNATIONAL
93	GSM-504-31-B-95C	$192,455.08	10-NOV-1988	CONTINENTAL GRAIN CO.
94	GSM-506-74-E-11C	$14,076.72	15-NOV-1988	NATIONAL FOOD CORP.
95	GSM-504-31-B-96C	$182,579.70	15-NOV-1988	CONTINENTAL GRAIN CO.
96	GSM-504-31-B-97C	$149,967.98	16-NOV-1988	CONTINENTAL GRAIN CO.
97	GSM-506-74-E-12C	$3,519.18	16-NOV-1988	NATIONAL FOOD CORP.
98	GSM-506-74-E-13C	$10,557.54	18-NOV-1988	NATIONAL FOOD CORP.
99	GSM-500-60-W-32C	$832,650.76	18-NOV-1988	LOUIS DREYFUS CORP.
100	GSM-500-60-W-33C	$836,288.56	18-NOV-1988	ENTRADE INT'L, LTD.
101	GSM-512-50-W-50C	$135,553.82	21-NOV-1988	CARGILL INC.
102	GSM-509-66-R-6C	$110,230.00	23-NOV-1988	WOODHOUSE DRAKE & CAREY
103	GSM-505-100-WF-4C	$286,598.00	23-NOV-1988	CARGILL INC.
104	GSM-500-1-W-218C	$544,750.56	25-NOV-1988	CONTINENTAL GRAIN CO.
105	GSM-500-14-W-23C	$93,149.59	29-NOV-1988	CONTINENTAL GRAIN CO.
106	GSM-500-15-W-53C	$108,027.36	30-NOV-1988	MARUBENI AMERICA CORP.
107	GSM-512-50-W-51C	$37,480.41	01-DEC-1988	PEAVEY COMPANY
108	GSM-512-50-W-52C	$28,110.18	01-DEC-1988	PEAVEY COMPANY
109	GSM-506-74-E-14C	$10,473.75	01-DEC-1988	HEFLER AND COMPANY
110	GSM-506-39-E-90C	$6,985.44	02-DEC-1988	NATIONAL FOOD CORP.
111	GSM-506-39-E-91C	$1,912.50	02-DEC-1988	DECOSTER EGG FARMS
112	GSM-506-39-E-92C	$11,475.00	07-DEC-1988	DECOSTER EGG FARMS
113	GSM-506-74-E-15C	$3,211.95	07-DEC-1988	HEFLER AND COMPANY
114	GSM-505-12-WF-19C	$791,258.50	07-DEC-1988	THE PILLSBURY COMPANY
115	GSM-500-6-W-158C	$396,850.32	07-DEC-1988	TRADIGRAIN, INC.
116	GSM-500-6-W-159C	$595,275.48	07-DEC-1988	TRADIGRAIN, INC.
117	GSM-500-6-W-160C	$421,028.79	07-DEC-1988	TRADIGRAIN, INC.
118	GSM-500-6-W-161C	$631,543.19	07-DEC-1988	TRADIGRAIN, INC.
119	GSM-500-6-W-162C	$633,858.32	07-DEC-1988	CARGILL INC.
120	GSM-500-6-W-163C	$649,732.24	07-DEC-1988	GARNAC GRAIN CO., INC.
121	GSM-500-6-W-164C	$659,212.48	07-DEC-1988	CONTINENTAL GRAIN CO.
122	GSM-500-6-W-165C	$661,417.20	07-DEC-1988	LOUIS DREYFUS CORP.
123	GSM-500-6-W-166C	$442,413.41	07-DEC-1988	LOUIS DREYFUS CORP.
124	GSM-500-6-W-167C	$666,929.19	07-DEC-1988	CARGILL INC.
125	GSM-500-6-W-168C	$446,824.06	07-DEC-1988	CONTINENTAL GRAIN CO.
126	GSM-500-6-W-169C	$460,787.44	07-DEC-1988	CARGILL INC.
127	GSM-506-74-E-16C	$5,821.20	09-DEC-1988	DOLPHIN SHIPPING
128	GSM-506-39-E-93C	$1,912.50	12-DEC-1988	DECOSTER EGG FARMS
129	GSM-500-61-W-229C	$1,023,359.67	13-DEC-1988	CARGILL INC.
130	GSM-500-61-W-230C	$1,053,123.16	13-DEC-1988	FERRUZZI U.S.A., INC.
131	GSM-500-61-W-231C	$834,855.49	13-DEC-1988	RICHCO GRAIN, LTD.
132	GSM-500-61-W-232C	$837,795.12	13-DEC-1988	CENTRAL STATES ENT.
133	GSM-500-61-W-233C	$837,795.35	13-DEC-1988	CARGILL INC.
134	GSM-500-61-W-234C	$1,056,430.54	13-DEC-1988	CARGILL INC.
135	GSM-500-61-W-235C	$846,614.02	13-DEC-1988	FERRUZZI U.S.A., INC.
136	GSM-500-61-W-236C	$853,963.10	13-DEC-1988	FERRUZZI U.S.A., INC.
137	GSM-500-61-W-237C	$1,096,850.49	13-DEC-1988	CARGILL INC.
138	GSM-500-14-W-24C	$146,182.14	14-DEC-1988	CONTINENTAL GRAIN CO.
139	GSM-502-77-SBO-7C	$450,403.87	14-DEC-1988	TRADECOM, INC.
140	GSM-500-15-W-54C	$181,338.60	14-DEC-1988	CARGILL INC.
141	GSM-500-15-W-55C	$120,524.94	14-DEC-1988	CARGILL INC.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
142	GSM-500-15-W-56C	$213,092.96	14-DEC-1988	NISSHO IWAI AMERICAN
143	GSM-500-15-W-57C	$185,196.82	14-DEC-1988	CONTINENTAL GRAIN CO.
144	GSM-500-15-W-58C	$169,478.63	14-DEC-1988	MITSUBISHI INT'L CORP.
145	GSM-500-3-W-166C	$564,041.89	16-DEC-1988	CONTINENTAL GRAIN CO.
146	GSM-500-3-W-167C	$679,054.99	16-DEC-1988	BUNGE CORP.
147	GSM-500-3-W-168C	$568,635.22	16-DEC-1988	CARGILL INC.
148	GSM-500-3-W-169C	$682,362.08	16-DEC-1988	CONTINENTAL GRAIN CO.
149	GSM-500-3-W-170C	$683,354.20	16-DEC-1988	BUNGE CORP.
150	GSM-500-3-W-171C	$683,574.68	16-DEC-1988	BUNGE CORP.
151	GSM-500-3-W-172C	$688,976.25	16-DEC-1988	CONTINENTAL GRAIN CO.
152	GSM-500-3-W-173C	$689,968.38	16-DEC-1988	TRADECOM, INC.
153	GSM-500-3-W-174C	$693,385.70	16-DEC-1988	CONTINENTAL GRAIN CO.
154	GSM-500-3-W-175C	$698,897.51	16-DEC-1988	CONTINENTAL GRAIN CO.
155	GSM-500-86-W-51C	$220,986.88	16-DEC-1988	FERRUZZI U.S.A., INC.
156	GSM-500-86-W-52C	$220,986.88	16-DEC-1988	FERRUZZI U.S.A., INC.
157	GSM-500-86-W-53C	$248,825.20	16-DEC-1988	LOUIS DREYFUS CORP.
158	GSM-500-86-W-54C	$228,335.96	16-DEC-1988	FERRUZZI U.S.A., INC.
159	GSM-500-86-W-55C	$228,335.96	16-DEC-1988	FERRUZZI U.S.A., INC.
160	GSM-500-86-W-56C	$88,556.41	16-DEC-1988	LOUIS DREYFUS CORP.
161	GSM-500-86-W-57C	$106,194.21	16-DEC-1988	LOUIS DREYFUS CORP.
162	GSM-500-86-W-58C	$192,913.39	16-DEC-1988	FERRUZZI U.S.A., INC.
163	GSM-500-86-W-59C	$203,514.44	16-DEC-1988	LOUIS DREYFUS CORP.
164	GSM-500-86-W-60C	$192,913.39	16-DEC-1988	FERRUZZI U.S.A., INC.
165	GSM-500-86-W-61C	$219,725.23	16-DEC-1988	CONTINENTAL GRAIN CO.
166	GSM-500-86-W-62C	$233,465.62	16-DEC-1988	LOUIS DREYFUS CORP.
167	GSM-500-86-W-63C	$145,658.77	16-DEC-1988	BUNGE CORP.
168	GSM-509-66-R-7C	$115,984.01	20-DEC-1988	CAFCROWN LIMITED
169	GSM-504-52-B-8C	$316,929.08	22-DEC-1988	COPROSTATES, INC.
170	GSM-502-78-SFO-11C	$768,523.56	22-DEC-1988	CARGILL INC.
171	GSM-505-12-WF-20C	$779,877.25	22-DEC-1988	CARGILL INC.
172	GSM-505-100-WF-5C	$110,447.67	22-DEC-1988	ADM MILLING COMPANY
173	GSM-500-86-W-64C	$51,259.84	22-DEC-1988	GARNAC GRAIN CO., INC.
174	GSM-500-86-W-65C	$25,648.29	22-DEC-1988	GARNAC GRAIN CO., INC.
175	GSM-500-86-W-66C	$56,771.64	22-DEC-1988	LOUIS DREYFUS CORP.
176	GSM-500-86-W-67C	$58,241.47	22-DEC-1988	CARGILL INC.
177	GSM-500-86-W-68C	$29,938.32	22-DEC-1988	GARNAC GRAIN CO., INC.
178	GSM-500-86-W-69C	$122,729.64	22-DEC-1988	CONTINENTAL GRAIN CO.
179	GSM-500-86-W-70C	$48,099.74	22-DEC-1988	GARNAC GRAIN CO., INC.
180	GSM-500-86-W-71C	$50,524.93	22-DEC-1988	LOUIS DREYFUS CORP.
181	GSM-500-86-W-72C	$111,706.02	22-DEC-1988	LOUIS DREYFUS CORP.
182	GSM-500-86-W-73C	$63,018.38	22-DEC-1988	CARGILL INC.
183	GSM-500-86-W-74C	$52,031.63	22-DEC-1988	CONTINENTAL GRAIN CO.
184	GSM-500-86-W-75C	$238,096.91	22-DEC-1988	CONTINENTAL GRAIN CO.
185	GSM-500-86-W-76C	$119,055.10	22-DEC-1988	LOUIS DREYFUS CORP.
186	GSM-500-61-W-238C	$903,496.06	22-DEC-1988	CENTRAL STATES ENT.
187	GSM-500-61-W-239C	$1,135,433.17	22-DEC-1988	CARGILL INC.
188	GSM-500-61-W-240C	$686,732.90	22-DEC-1988	NISSHO IWAI AMERICAN
189	GSM-500-61-W-241C	$917,606.13	22-DEC-1988	BUNGE CORP.
190	GSM-500-61-W-242C	$689,968.38	22-DEC-1988	TRADECOM, INC.
191	GSM-500-61-W-243C	$923,044.70	22-DEC-1988	CARGILL INC.
192	GSM-500-61-W-244C	$928,943.71	22-DEC-1988	LOUIS DREYFUS CORP.
193	GSM-500-61-W-245C	$1,170,340.99	22-DEC-1988	LOUIS DREYFUS CORP.
194	GSM-500-61-W-246C	$702,204.59	22-DEC-1988	LOUIS DREYFUS CORP.
195	GSM-500-61-W-247C	$1,184,120.52	22-DEC-1988	TRADIGRAIN, INC.
196	GSM-502-78-SFO-12C	$833,338.80	23-DEC-1988	CARGILL INC.
197	GSM-500-61-W-248C	$681,000.94	28-DEC-1988	NISSHO IWAI AMERICAN
198	GSM-500-61-W-249C	$917,165.18	28-DEC-1988	CONTINENTAL GRAIN CO.
200	GSM-500-61-W-250C	$917,753.26	28-DEC-1988	GARNAC GRAIN CO., INC.
201	GSM-500-61-W-251C	$921,574.63	28-DEC-1988	LOUIS DREYFUS CORP.
202	GSM-500-61-W-252C	$1,176,955.16	28-DEC-1988	FERRUZZI U.S.A., INC.
203	GSM-500-67-W-231C	$1,063,779.33	29-DEC-1988	CONTINENTAL GRAIN CO.
204	GSM-500-67-W-232C	$1,076,640.22	29-DEC-1988	CONTINENTAL GRAIN CO.
205	GSM-500-67-W-233C	$649,291.39	29-DEC-1988	CARGILL INC.
206	GSM-500-67-W-234C	$649,291.39	29-DEC-1988	CARGILL INC.
207	GSM-500-67-W-235C	$1,091,338.38	29-DEC-1988	CONTINENTAL GRAIN CO.
208	GSM-500-67-W-236C	$654,803.21	29-DEC-1988	CARGILL INC.
209	GSM-500-67-W-237C	$1,096,850.19	29-DEC-1988	CONTINENTAL GRAIN CO.
210	GSM-500-67-W-238C	$658,110.29	29-DEC-1988	CARGILL INC.
211	GSM-500-67-W-239C	$1,096,850.19	29-DEC-1988	CONTINENTAL GRAIN CO.
212	GSM-500-67-W-240C	$1,098,687.46	29-DEC-1988	RICHCO GRAIN, LTD.
213	GSM-502-77-SBO-8C	$445,774.16	30-DEC-1988	TRADECOM, INC.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
214	GSM-500-61-W-267C	$1,089,501.41	04-JAN-1989	CARGILL INC.
215	GSM-500-61-W-268C	$1,107,874.11	04-JAN-1989	CARGILL INC.
216	GSM-500-61-W-269C	$1,124,409.55	04-JAN-1989	CARGILL INC.
217	GSM-500-61-W-270C	$909,816.35	04-JAN-1989	CARGILL INC.
218	GSM-500-61-W-271C	$909,816.35	04-JAN-1989	CARGILL INC.
219	GSM-500-61-W-253C	$682,362.08	04-JAN-1989	CONTINENTAL GRAIN CO.
220	GSM-500-61-W-254C	$687,653.42	04-JAN-1989	TRADIGRAIN, INC.
221	GSM-500-61-W-255C	$917,165.18	04-JAN-1989	CONTINENTAL GRAIN CO.
222	GSM-500-61-W-256C	$688,645.54	04-JAN-1989	TRADECOM, INC.
223	GSM-500-61-W-257C	$921,574.88	04-JAN-1989	CARGILL INC.
224	GSM-500-61-W-258C	$921,574.63	04-JAN-1989	LOUIS DREYFUS CORP.
225	GSM-506-39-E-94C	$7,650.00	04-JAN-1989	NATIONAL FOOD CORP.
226	GSM-500-67-W-241C	$1,120,735.01	05-JAN-1989	CARGILL INC.
227	GSM-500-67-W-242C	$1,123,461.25	05-JAN-1989	TOEPFER INTERNATIONAL
228	GSM-500-67-W-243C	$1,129,553.60	05-JAN-1989	FERRUZZI U.S.A., INC.
229	GSM-500-67-W-244C	$1,129,553.60	05-JAN-1989	FERRUZZI U.S.A., INC.
230	GSM-500-67-W-245C	$1,139,107.71	05-JAN-1989	CARGILL INC.
231	GSM-500-67-W-246C	$1,144,619.21	05-JAN-1989	RICHCO GRAIN, LTD.
232	GSM-500-67-W-247C	$1,175,301.62	05-JAN-1989	FERRUZZI U.S.A., INC.
233	GSM-500-67-W-248C	$940,682.24	05-JAN-1989	PEAVEY COMPANY
234	GSM-500-61-W-259C	$1,131,390.87	10-JAN-1989	FERRUZZI U.S.A., INC.
235	GSM-500-61-W-260C	$1,131,758.32	10-JAN-1989	LOUIS DREYFUS CORP.
236	GSM-500-61-W-261C	$1,131,758.32	10-JAN-1989	LOUIS DREYFUS CORP.
237	GSM-500-61-W-262C	$1,138,739.95	10-JAN-1989	FERRUZZI U.S.A., INC.
238	GSM-500-61-W-263C	$1,141,496.04	10-JAN-1989	CENTRAL STATES ENT.
239	GSM-500-61-W-264C	$918,635.00	10-JAN-1989	CONTINENTAL GRAIN CO.
240	GSM-500-61-W-265C	$920,104.82	10-JAN-1989	LOUIS DREYFUS CORP.
241	GSM-500-61-W-266C	$691,181.16	10-JAN-1989	ENTRADE INT'L, LTD.
242	GSM-500-61-W-272C	$783,228.20	13-JAN-1989	LOUIS DREYFUS CORP.
243	GSM-500-61-W-273C	$1,122,571.97	13-JAN-1989	LOUIS DREYFUS CORP.
244	GSM-500-61-W-274C	$673,543.37	13-JAN-1989	CARGILL INC.
245	GSM-500-61-W-275C	$788,372.77	13-JAN-1989	CARGILL INC.
246	GSM-500-61-W-276C	$1,129,921.36	13-JAN-1989	CARGILL INC.
247	GSM-500-67-W-249C	$589,763.83	17-JAN-1989	CARGILL INC.
248	GSM-500-67-W-250C	$683,464.63	17-JAN-1989	CARGILL INC.
249	GSM-500-67-W-251C	$1,146,456.48	17-JAN-1989	CONTINENTAL GRAIN CO.
250	GSM-500-67-W-252C	$574,147.03	17-JAN-1989	CARGILL INC.
251	GSM-500-67-W-253C	$578,707.50	17-JAN-1989	MITSUBISHI INT'L. CORP.
252	GSM-500-67-W-254C	$1,169,422.36	17-JAN-1989	TRADIGRAIN, INC.
253	GSM-500-67-W-255C	$1,172,178.26	17-JAN-1989	CONTINENTAL GRAIN CO.
254	GSM-500-67-W-256C	$1,178,424.98	17-JAN-1989	RICHCO GRAIN, LTD.
255	GSM-500-67-W-257C	$595,275.48	17-JAN-1989	LOUIS DREYFUS CORP.
256	GSM-500-67-W-258C	$548,517.05	17-JAN-1989	GARNAC GRAIN CO., INC.
257	GSM-500-67-W-259C	$567,257.21	17-JAN-1989	GARNAC GRAIN CO., INC.
258	GSM-500-67-W-260C	$1,174,015.53	17-JAN-1989	CONTINENTAL GRAIN CO.
259	GSM-500-67-W-261C	$1,199,737.31	17-JAN-1989	CONTINENTAL GRAIN CO.
260	GSM-500-67-W-262C	$1,200,472.22	17-JAN-1989	BUNGE CORP.
261	GSM-500-3-W-176C	$483,606.21	19-JAN-1989	GARNAC GRAIN CO., INC.
262	GSM-500-3-W-177C	$484,598.34	19-JAN-1989	FERRUZZI U.S.A., INC.
263	GSM-500-3-W-178C	$496,614.08	19-JAN-1989	FERRUZZI U.S.A., INC.
264	GSM-500-3-W-179C	$500,472.35	19-JAN-1989	CONTINENTAL GRAIN CO.
265	GSM-500-3-W-180C	$417,060.29	19-JAN-1989	CONTINENTAL GRAIN CO.
266	GSM-500-3-W-181C	$509,291.24	19-JAN-1989	CONTINENTAL GRAIN CO.
267	GSM-500-3-W-182C	$436,335.00	19-JAN-1989	KANEMATSU-GOSHO (USA)
268	GSM-500-7-W-33C	$274,671.87	19-JAN-1989	CONTINENTAL GRAIN CO.
269	GSM-500-7-W-34C	$248,031.45	19-JAN-1989	PEAVEY COMPANY
270	GSM-502-78-SFO-13C	$874,344.36	23-JAN-1989	CARGILL INC.
271	GSM-500-3-W-183C	$336,220.50	23-JAN-1989	CARGILL INC.
272	GSM-500-3-W-184C	$399,514.44	23-JAN-1989	BUNGE CORP.
273	GSM-500-3-W-185C	$412,007.87	23-JAN-1989	BUNGE CORP.
274	GSM-500-3-W-186C	$424,501.31	23-JAN-1989	BUNGE CORP.
275	GSM-500-3-W-187C	$426,246.64	23-JAN-1989	LOUIS DREYFUS CORP.
276	GSM-500-3-W-188C	$515,885.76	23-JAN-1989	MARUBENI AMERICA CORP.
277	GSM-500-3-W-189C	$433,595.72	23-JAN-1989	LOUIS DREYFUS CORP.
278	GSM-500-14-W-25C	$74,372.69	24-JAN-1989	CONTINENTAL GRAIN CO.
279	GSM-505-12-WF-21C	$716,770.58	24-JAN-1989	THE PILLSBURY COMPANY
280	GSM-505-12-WF-22C	$750,115.15	24-JAN-1989	ADM MILLING COMPANY
281	GSM-500-67-W-263C	$1,121,837.06	24-JAN-1989	FERRUZZI U.S.A., INC.
282	GSM-500-67-W-264C	$1,148,631.19	24-JAN-1989	TOEPFER INTERNATIONAL
283	GSM-500-67-W-265C	$1,159,068.45	24-JAN-1989	UNION EQYITY COOP. EXC.
284	GSM-500-67-W-266C	$1,164,829.18	24-JAN-1989	CONTINENTAL GRAIN CO.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

5 FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
285	GSM-500-67-W-267C	$1,166,666.77	24-JAN-1989	CARGILL INC.
256	GSM-500-67-W-268C	$1,131,023.41	24-JAN-1989	FERRUZZI U.S.A., INC.
287	GSM-500-67-W-269C	$1,140,026.04	24-JAN-1989	FERRUZZI U.S.A., INC.
288	GSM-500-67-W-270C	$1,144,619.21	24-JAN-1989	FERRUZZI U.S.A., INC.
289	GSM-500-67-W-271C	$572,677.15	24-JAN-1989	GARNAC GRAIN CO., INC.
290	GSM-500-67-W-272C	$1,153,805.56	24-JAN-1989	FERRUZZI U.S.A., INC.
291	GSM-500-67-W-273C	$1,158,398.74	24-JAN-1989	FERRUZZI U.S.A., INC.
292	GSM-500-67-W-274C	$817,952.60	24-JAN-1989	LOUIS DREYFUS CORP.
293	GSM-500-67-W-275C	$585,170.65	24-JAN-1989	CARGILL INC.
294	GSM-500-67-W-276C	$1,174,015.53	24-JAN-1989	CONTINENTAL GRAIN CO.
295	GSM-506-39-E-95C	$35,437.50	25-JAN-1989	DECOSTER EGG FARMS
296	GSM-506-39-E-96C	$7,875.00	25-JAN-1989	DECOSTER EGG FARMS
297	GSM-506-39-E-97C	$7,875.00	25-JAN-1989	DECOSTER EGG FARMS
298	GSM-500-15-W-59C	$70,551.17	25-JAN-1989	LOUIS DREYFUS CORP.
299	GSM-500-15-W-60C	$59,597.69	25-JAN-1989	MITSUBISHI INT'L CORP.
300	GSM-500-15-W-61C	$163,333.30	25-JAN-1989	LOUIS DREYFUS CORP.
301	GSM-500-15-W-62C	$168,468.18	25-JAN-1989	C. ITOH & CO. (AMER.)
302	GSM-500-67-W-277C	$592,519.58	27-JAN-1989	PEAVEY COMPANY
303	GSM-500-43-W-3C	$141,102.24	27-JAN-1989	PEAVEY COMPANY
304	GSM-506-39-E-98C	$3,825.00	30-JAN-1989	NATIONAL FOOD CORP.
305	GSM-500-1-W-219C	$1,162,991.91	31-JAN-1989	CAM USA, INC.
306	GSM-500-15-W-63C	$16,957.05	01-FEB-1989	MITSUBISHI INT'L CORP.
307	GSM-504-44-B-8C	$372,853.10	07-FEB-1989	HARVEST STATES COOP.
308	GSM-500-32-W-11C	$628,346.34	07-FEB-1989	LOUIS DREYFUS CORP.
309	GSM-500-1-W-220C	$584,251.86	07-FEB-1989	CARGILL INC.
310	GSM-500-1-W-221C	$584,251.86	07-FEB-1989	CARGILL INC.
311	GSM-500-15-W-64C	$172,329.36	08-FEB-1989	MARUBENI AMERICA CORP.
312	GSM-500-14-W-26C	$55,375.32	09-FEB-1989	CONTINENTAL GRAIN CO.
313	GSM-500-19-W-14C	$904,671.75	09-FEB-1989	BUNGE CORP.
314	GSM-500-19-W-15C	$1,048,162.54	09-FEB-1989	GARNAC GRAIN CO., INC.
315	GSM-500-67-W-278C	$1,138,556.42	09-FEB-1989	CENTRAL STATES ENT.
316	GSM-500-67-W-279C	$2,285,563.88	09-FEB-1989	LOUIS DREYFUS CORP.
317	GSM-500-67-W-280C	$1,144,619.21	09-FEB-1989	CONTINENTAL GRAIN CO.
318	GSM-500-67-W-281C	$1,146,456.48	09-FEB-1989	CONTINENTAL GRAIN CO.
319	GSM-500-67-W-282C	$1,146,456.48	09-FEB-1989	CONTINENTAL GRAIN CO.
320	GSM-500-67-W-283C	$1,148,293.75	09-FEB-1989	CONTINENTAL GRAIN CO.
321	GSM-500-67-W-284C	$2,307,611.12	09-FEB-1989	LOUIS DREYFUS CORP.
322	GSM-500-67-W-285C	$1,159,868.55	09-FEB-1989	FERRUZZI U.S.A., INC.
323	GSM-500-67-W-286C	$1,159,868.55	09-FEB-1989	FERRUZZI U.S.A., INC.
324	GSM-500-67-W-287C	$1,164,829.18	09-FEB-1989	CONTINENTAL GRAIN CO.
325	GSM-504-52-B-9C	$432,024.91	15-FEB-1989	COPROSTATES, INC.
326	GSM-500-5-W-11	$173.622.02	13-FEB-1989	CONTINENTAL GRAIN CO.
327	GSM-500-1-W-222C	$669,685.10	16-FEB-1989	CARGILL INC.
328	GSM-500-1-W-223C	$383,070.90	16-FEB-1989	CARGILL INC.
329	GSM-500-1-W-224C	$232,414.72	16-FEB-1989	CARGILL INC.
330	GSM-500-1-W-225C	$336,496.06	16-FEB-1989	GARNAC GRAIN CO., INC.
331	GSM-500-1-W-226C	$597,112.75	16-FEB-1989	WOODHOUSE DRAKE & CAREY
332	GSM-500-1-W-227C	$669,685.10	17-FEB-1989	CARGILL INC.
333	GSM-500-1-W-228C	$265,485.56	17-FEB-1989	GARNAC GRAIN CO., INC.
334	GSM-500-1-W-229C	$271,732.28	17-FEB-1989	GARNAC GRAIN CO., INC.
335	GSM-500-1-W-230C	$401,443.60	17-FEB-1989	CARGILL INC.
336	GSM-500-1-W-231C	$587,007.92	17-FEB-1989	CARGILL INC.
337	GSM-500-1-W-232C	$618,241.52	17-FEB-1989	CARGILL INC.
338	GSM-500-1-W-233C	$357,349.11	17-FEB-1989	CARGILL INC.
339	GSM-500-1-W-234C	$370,210.01	17-FEB-1989	CARGILL INC.
340	GSM-500-1-W-235C	$245,275.61	17-FEB-1989	CARGILL INC.
341	GSM-500-15-W-65C	$118,956.54	17-FEB-1989	C. ITOH & CO. (AMER.)
342	GSM-500-15-W-66C	$111,889.74	17-FEB-1989	CONTINENTAL GRAIN CO.
343	GSM-500-1-W-236C	$464,829.31	21-FEB-1989	CAM USA, INC.
344	GSM-500-1-W-237C	$569,553.70	21-FEB-1989	WOODHOUSE DRAKE & CAREY
345	GSM-500-1-W-238C	$349,081.30	21-FEB-1989	CAM USA, INC.
346	GSM-500-87-W-10C	$186,225.69	21-FEB-1989	BUNGE CORP.
347	GSM-506-39-E-99C	$3,712.50	23-FEB-1989	NATIONAL FOOD CORP.
348	GSM-502-77-SBO-9C	$449,738.40	23-FEB-1989	AMBER, INC.
349	GSM-502-77-SBO-10C	$449,738.40	23-FEB-1989	AMBER, INC.
350	GSM-500-67-W-288C	$1,091,338.38	23-FEB-1989	LOUIS DREYFUS CORP.
351	GSM-500-67-W-289C	$2,182,676.76	23-FEB-1989	LOUIS DREYFUS CORP.
352	GSM-500-67-W-290C	$1,100,525.03	23-FEB-1989	CARGILL INC.
353	GSM-500-67-W-291C	$2,223,096.70	23-FEB-1989	LOUIS DREYFUS CORP.
354	GSM-500-67-W-292C	$1,111,548.35	23-FEB-1989	LOUIS DREYFUS CORP.
355	GSM-500-67-W-293C	$1,117,060.46	23-FEB-1989	CARGILL INC.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
356	GSM-500-70-W-15C	$422,204.76	24-FEB-1989	CARGILL INC.
357	GSM-500-70-W-16C	$414,929.06	24-FEB-1989	FERRUZZI U.S.A., INC.
358	GSM-500-70-W-17C	$365,984.18	24-FEB-1989	RICHCO GRAIN, LTD.
359	GSM-500-70-W-18C	$484,083.90	24-FEB-1989	FERRUZZI U.S.A., INC.
360	GSM-500-70-W-19C	$362,677.10	24-FEB-1989	RICHCO GRAIN, LTD.
361	GSM-500-1-W-239C	$438,188.90	28-FEB-1989	CAM USA, INC.
362	GSM-500-1-W-240C	$457,480.23	28-FEB-1989	CONTINENTAL GRAIN CO.
363	GSM-500-15-W-67C	$128,608.90	01-MAR-1989	LOUIS DREYFUS CORP.
364	GSM-500-67-W-294C	$859,842.36	02-MAR-1989	PEAVEY COMPANY
365	GSM-500-67-W-295C	$881,889.60	02-MAR-1989	PEAVEY COMPANY
366	GSM-500-67-W-296C	$1,118,897.43	02-MAR-1989	CONTINENTAL GRAIN CO.
367	GSM-500-67-W-297C	$1,118,897.43	02-MAR-1989	CONTINENTAL GRAIN CO.
368	GSM-500-67-W-298C	$1,121,469.61	02-MAR-1989	BUNGE CORP.
369	GSM-500-67-W-299C	$1,121,653.34	02-MAR-1989	FERRUZZI U.S.A., INC.
370	GSM-500-67-W-300C	$1,126,062.78	02-MAR-1989	FERRUZZI U.S.A., INC.
371	GSM-500-67-W-301C	$683,464.44	02-MAR-1989	PEAVEY COMPANY
372	GSM-500-67-W-302C	$1,139,842.31	02-MAR-1989	BUNGE CORP.
373	GSM-500-67-W-303C	$570,440.25	02-MAR-1989	MITSUBISHI INT'L CORP.
374	GSM-500-67-W-304C	$1,148,844.93	02-MAR-1989	FERRUZZI U.S.A., INC.
375	GSM-504-57-B-19C	$327,263.68	06-MAR-1989	CONTINENTAL GRAIN CO.
376	GSM-500-61-W-277C	$659,212.48	07-MAR-1989	LOUIS DREYFUS CORP.
377	GSM-500-61-W-278C	$659,212.48	07-MAR-1989	LOUIS DREYFUS CORP.
378	GSM-500-61-W-279C	$1,102,362.00	07-MAR-1989	LOUIS DREYFUS CORP.
379	GSM-500-61-W-280C	$992,125.80	07-MAR-1989	LOUIS DREYFUS CORP.
380	GSM-500-61-W-281C	$993,779.34	07-MAR-1989	LOUIS DREYFUS CORP.
381	GSM-500-61-W-282C	$1,104,199.27	07-MAR-1989	LOUIS DREYFUS CORP.
382	GSM-500-61-W-283C	$1,107,874.11	07-MAR-1989	CARGILL INC.
383	GSM-500-61-W-284C	$1,126,246.82	07-MAR-1989	CARGILL INC.
384	GSM-500-61-W-285C	$1,129,921.36	07-MAR-1989	CARGILL INC.
385	GSM-500-14-W-27C	$113,278.75	08-MAR-1989	CARGILL INC.
386	GSM-500-14-W-28C	$84,440.95	10-MAR-1989	CARGILL INC.
387	GSM-504-57-B-20C	$314,172.83	10-MAR-1989	LOUIS DREYFUS CORP.
388	GSM-500-67-W-305C	$510,761.06	13-MAR-1989	GARNAC GRAIN CO., INC.
389	GSM-500-67-W-306C	$519,763.68	13-MAR-1989	GARNAC GRAIN CO., INC.
390	GSM-500-67-W-307C	$528,123.26	13-MAR-1989	GARNAC GRAIN CO., INC.
391	GSM-500-67-W-308C	$563,091.58	13-MAR-1989	MITSUBISHI INT'L CORP.
392	GSM-500-67-W-309C	$1,133,963.04	13-MAR-1989	FERRUZZI U.S.A., INC.
393	GSM-500-67-W-310C	$1,142,782.25	13-MAR-1989	CARGILL INC.
394	GSM-500-67-W-311C	$573,228.24	13-MAR-1989	CONTINENTAL GRAIN CO.
395	GSM-500-67-W-312C	$1,148,447.47	13-MAR-1989	TOEPFER INTERNATIONAL
396	GSM-500-67-W-313C	$1,149,028.66	13-MAR-1989	BUNGE CORP.
397	GSM-500-67-W-314C	$1,151,968.60	13-MAR-1989	CARGILL INC.
398	GSM-500-67-W-315C	$1,157,480.31	13-MAR-1989	GRANPLEX, INC.
399	GSM-500-67-W-316C	$1,170,524.72	13-MAR-1989	FERRUZZI U.S.A., INC.
400	GSM-500-67-W-317C	$943,621.87	13-MAR-1989	LOUIS DREYFUS CORP.
401	GSM-508-63-FP-27C	$132,055.54	15-MAR-1989	GRESS FOODS, INC.
402	GSM-500-86-W-77C	$274,105.39	15-MAR-1989	CONTINENTAL GRAIN CO.
403	GSM-500-86-W-78C	$268,961.32	15-MAR-1989	CONTINENTAL GRAIN CO.
404	GSM-500-86-W-79C	$142,572.15	15-MAR-1989	LOUIS DREYFUS CORP.
405	GSM-500-86-W-80C	$124,566.91	15-MAR-1989	CONTINENTAL GRAIN CO.
406	GSM-500-60-W-34C	$1,038,792.72	15-MAR-1989	CARGILL INC.
407	GSM-500-60-W-35C	$693,202.14	15-MAR-1989	CARGILL INC.
408	GSM-500-68-W-17C	$500,656.21	15-MAR-1989	CARGILL INC.
409	GSM-500-68-W-18C	$506,168.02	15-MAR-1989	CARGILL INC.
410	GSM-500-60-W-36C	$1,125,695.33	16-MAR-1989	CONTINENTAL GRAIN CO.
411	GSM-500-15-W-71C	$204,733.85	21-MAR-1989	NISSHO IWAI AMERICAN
412	GSM-500-15-W-68C	$127,322.81	21-MAR-1989	CONTINENTAL GRAIN CO.
413	GSM-500-15-W-69C	$139,404.21	21-MAR-1989	MITSUBISHI INT'L CORP.
414	GSM-500-15-W-70C	$21,495.24	21-MAR-1989	MITSUI GRAIN CORP.
415	GSM-500-3-W-190C	$290,748.02	21-MAR-1989	GARNAC GRAIN CO., INC.
416	GSM-500-3-W-191C	$390,787.33	21-MAR-1989	FERRUZZI U.S.A., INC.
417	GSM-500-3-W-192C	$402,251.89	21-MAR-1989	BUNGE CORP.
418	GSM-500-3-W-193C	$423,637.72	21-MAR-1989	FERRUZZI U.S.A., INC.
419	GSM-500-3-W-194C	$432,677.09	21-MAR-1989	BUNGE CORP.
420	GSM-500-68-W-19C	$539,055.02	21-MAR-1989	CONTINENTAL GRAIN CO.
421	GSM-500-68-W-20C	$603,874.07	21-MAR-1989	CARGILL INC.
422	GSM-500-68-W-21C	$595,918.77	21-MAR-1989	LOUIS DREYFUS CORP.
423	GSM-500-68-W-22C	$616,000.05	21-MAR-1989	CARGILL INC.
424	GSM-500-68-W-23C	$565,181.00	21-MAR-1989	FERRUZZI U.S.A., INC.
425	GSM-500-68-W-24C	$576,535.33	21-MAR-1989	CONTINENTAL GRAIN CO.
426	GSM-500-68-W-25C	$578,740.05	21-MAR-1989	CENTRAL STATES ENT.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

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FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
427	GSM-500-61-W-286C	$880,052.57	22-MAR-1989	CARGILL INC.
428	GSM-500-61-W-287C	$911,286.17	22-MAR-1989	CARGILL INC.
429	GSM-500-61-W-288C	$935,170.68	22-MAR-1989	CARGILL INC.
430	GSM-500-61-W-289C	$611,810.91	22-MAR-1989	BARTLETT AND COMPANY
431	GSM-500-61-W-290C	$919,370.13	22-MAR-1989	CARGILL INC.
432	GSM-500-61-W-291C	$834,855.49	22-MAR-1989	FERRUZZI U.S.A., INC.
433	GSM-500-61-W-292C	$837,795.12	22-MAR-1989	RICHCO GRAIN, LTD.
434	GSM-500-61-W-293C	$955,582.50	22-MAR-1989	FERRUZZI U.S.A., INC.
435	GSM-500-61-W-294C	$1,089,501.11	22-MAR-1989	LOUIS DREYFUS CORP.
436	GSM-505-100-WF-6C	$115,919.45	23-MAR-1989	ADM MILLING COMPANY
437	GSM-504-31-B-98C	$171,049.87	23-MAR-1989	CARGILL INC.
438	GSM-512-50-W-53C	$286,614.00	23-MAR-1989	PEAVEY COMPANY
439	GSM-512-50-W-54C	$286,614.00	23-MAR-1989	PEAVEY COMPANY
440	GSM-512-50-W-55C	$165,354.30	23-MAR-1989	PEAVEY COMPANY
441	GSM-507-90-BM-1C	$74,716.28	24-MAR-1989	FROEDTERT MALT CORP.
442	GSM-500-32-W-12C	$612,362.20	31-MAR-1989	BUNGE CORP.
443	GSM-502-78-SFO-14C	$833,338.80	04-APR-1989	CARGILL INC.
444	GSM-502-78-SFO-15C	$833,338.80	04-APR-1989	CARGILL INC.
445	GSM-500-61-W-295C	$266,391.83	06-APR-1989	BARTLETT & COMPANY
446	GSM-500-61-W-296C	$322,992.12	06-APR-1989	GARNAC GRAIN CO., INC.
447	GSM-500-61-W-297C	$330,693.30	06-APR-1989	BARTLETT & COMPANY
448	GSM-500-61-W-298C	$248,031.45	06-APR-1989	CONTINENTAL GRAIN CO.
449	GSM-500-61-W-299C	$323,359.52	06-APR-1989	CONTINENTAL GRAIN CO.
450	GSM-500-61-W-300C	$406,771.58	06-APR-1989	BUNGE CORP.
451	GSM-504-35-B-16C	$363,528.14	07-APR-1989	LOUIS DREYFUS CORP.
452	GSM-507-90-BM-2C	$120,993.31	07-APR-1989	FROEDTERT MALT CORP.
453	GSM-500-6-W-170C	$229,291.30	10-APR-1989	LOUIS DREYFUS CORP.
454	GSM-500-5-W-12	$199,343.80	10-APR-1989	CONTINENTAL GRAIN CO.
455	GSM-506-39-E-100C	$3,825.00	10-APR-1989	NATIONAL FOOD CORP.
456	GSM-506-39-E-101C	$29,137.50	10-APR-1989	DECOSTER EGG FARMS
457	GSM-512-50-W-56C	$11,574.78	10-APR-1989	PEAVEY COMPANY
458	GSM-500-25-W-36C	$119,070.00	12-APR-1989	PEAVEY COMPANY
459	GSM-500-14-W-29C	$75,897.62	13-APR-1989	CONTINENTAL GRAIN CO.
460	GSM-500-60-W-37C	$321,944.91	13-APR-1989	ENTRADE INTERNATIONAL
461	GSM-502-77-CSO-11C	$842,605.76	13-APR-1989	TRADECOM, INC.
462	GSM-502-77-CSO-12C	$816,150.32	13-APR-1989	TRADECOM, INC.
463	GSM-502-77-CSO-13C	$804,245.38	13-APR-1989	TRADECOM, INC.
464	GSM-500-32-W-13C	$684,199.47	18-APR-1989	BUNGE CORP.
465	GSM-502-77-SBO-14C	$505,960.29	21-APR-1989	TRADECOM, INC.
466	GSM-500-3-W-195C	$294,881.88	27-APR-1989	GARNAC GRAIN CO., INC.
467	GSM-500-3-W-196C	$298,740.10	27-APR-1989	LOUIS DREYFUS CORP.
468	GSM-500-3-W-197C	$313,070.81	27-APR-1989	LOUIS DREYFUS CORP.
469	GSM-500-3-W-198C	$314,173.17	27-APR-1989	CONTINENTAL GRAIN CO.
470	GSM-500-3-W-199C	$336,220.41	27-APR-1989	LOUIS DREYFUS CORP.
471	GSM-500-3-W-200C	$358,267.65	27-APR-1989	CONTINENTAL GRAIN CO.
472	GSM-500-3-W-201C	$415,567.10	27-APR-1989	MARUBENI AMERICA CORP.
473	GSM-500-3-W-202C	$442,047.16	27-APR-1989	LOUIS DREYFUS CORP.
474	GSM-500-3-W-203C	$270,078.69	28-APR-1989	LOUIS DREYFUS CORP.
475	GSM-500-3-W-204C	$380,734.42	28-APR-1989	BUNGE CORP.
476	GSM-500-14-W-30C	$68,401.56	01-MAY-1989	CONTINENTAL GRAIN CO.
477	GSM-500-32-W-14C	$560,918.53	02-MAY-1989	FERRUZZI U.S.A., INC.
478	GSM-500-32-W-15C	$605,013.01	02-MAY-1989	FERRUZZI U.S.A., INC.
479	GSM-500-68-W-26C	$389,133.79	02-MAY-1989	CONTINENTAL GRAIN CO.
480	GSM-500-67-W-318C	$372,414.63	05-MAY-1989	CENTRAL STATES ENT.
481	GSM-500-67-W-319C	$308,661.36	05-MAY-1989	PEAVEY COMPANY
482	GSM-500-67-W-320C	$323,359.52	05-MAY-1989	PEAVEY COMPANY
483	GSM-500-67-W-321C	$422,915.77	05-MAY-1989	UNION EQUITY COOP..
484	GSM-500-67-W-322C	$367,454.00	05-MAY-1989	PEAVEY COMPANY
485	GSM-500-67-W-323C	$277,795.22	05-MAY-1989	RICHCO GRAIN, LTD.
486	GSM-500-67-W-324C	$466,666.58	05-MAY-1989	FERRUZZI U.S.A., INC.
487	GSM-504-52-W-10C	$93,012.30	13-MAY-1989	CONTINENTAL GRAIN CO.
488	GSM-505-12-WF-23C	$730,273.75	16-MAY-1989	CARGILL INC.
489	GSM-505-12-WF-24C	$697,204.75	16-MAY-1989	PEAVEY COMPANY
490	GSM-500-4-WF-12	$3,277,517.09	16-MAY-1989	THE PILLSBURY COMPANY
491	GSM-500-14-W-31C	$26,809.47	22-MAY-1989	CONTINENTAL GRAIN CO.
492	GSM-500-4-WF-13	$2,792,813.05	24-MAY-1989	THE PILLSBURY COMPANY
493	GSM-500-67-W-325C	$161,826.74	26-MAY-1989	GARNAC GRAIN CO., INC.
494	GSM-500-67-W-326C	$289,370.03	26-MAY-1989	CONTINENTAL GRAIN CO.
495	GSM-500-67-W-327C	$215,419.91	26-MAY-1989	HARVEST STATES COOP.
496	GSM-500-67-W-328C	$259,055.07	26-MAY-1989	CONTINENTAL GRAIN CO.
497	GSM-500-67-W-329C	$264,566.88	26-MAY-1989	PEAVEY COMPANY

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
498	GSM-500-67-W-330C	$264,566.88	26-MAY-1989	PEAVEY COMPANY
499	GSM-500-67-W-331C	$457,663.96	26-MAY-1989	TRADIGRAIN, INC.
500	GSM-500-67-W-332C	$233,333.29	26-MAY-1989	LOUIS DREYFUS CORP.
501	GSM-500-67-W-333C	$281,102.31	26-MAY-1989	CONTINENTAL GRAIN CO.
502	GSM-500-67-W-334C	$240,131.19	26-MAY-1989	BUNGE CORP.
503	GSM-500-19-W-16C	$285,144.30	02-JUN-1989	GARNAC GRAIN CO., INC.
504	GSM-505-2-WF-109C	$1,234,576.00	19-JUN-1989	CARGILL INC.
505	GSM-505-2-WF-110C	$792,498.59	19-JUN-1989	BARTLETT AND COMPANY
506	GSM-505-2-WF-111C	$836,090.48	19-JUN-1989	PEAVEY COMPANY
507	GSM-505-2-WF-112C	$283,247.01	20-JUN-1989	CARGILL INC.
508	GSM-500-67-W-335C	$283,968.53	22-JUN-1989	CARGILL INC.
509	GSM-500-67-W-336C	$356,283.50	22-JUN-1989	CARGILL INC.
510	GSM-505-2-WF-113C	$1,269,849.60	26-JUN-1989	CARGILL INC.
511	GSM-505-2-WF-114C	$835,654.35	30-JUN-1989	ADM MILLING CO.
512	GSM-505-2-WF-115C	$513,230.88	30-JUN-1989	CARGILL INC.
513	GSM-505-2-WF-116C	$905,530.63	30-JUN-1989	BARTLETT AND COMPANY
514	GSM-502-78-SBO-16C	$281,747.88	05-JUL-1989	CARGILL INC.
515	GSM-502-78-SFO-17C	$228,176.10	05-JUL-1989	CARGILL INC.
516	GSM-505-2-WF-117C	$1,252,212.80	06-JUL-1989	THE PILLSBURY COMPANY
517	GSM-505-2-WF-118C	$814,798.11	06-JUL-1989	ADM MILLING COMPANY
518	GSM-505-2-WF-119C	$566,890.84	06-JUL-1989	CARGILL INC.
519	GSM-505-2-WF-120C	$25,749.73	07-JUL-1989	CARGILL INC.
520	GSM-505-2-WF-121C	$797,888.83	10-JUL-1989	ADM MILLING COMPANY
521	GSM-505-2-WF-122C	$1,005,438.69	10-JUL-1989	BARTLETT AND COMPANY
522	GSM-505-2-WF-123C	$822,822.86	10-JUL-1989	ADM MILLING COMPANY
523	GSM-505-2-WF-124C	$836,668.09	10-JUL-1989	PEAVEY COMPANY
524	GSM-505-2-WF-125C	$313,273.66	10-JUL-1989	CARGILL INC.
525	GSM-505-2-WF-126C	$1,461,649.80	12-JUL-1989	CARGILL INC.
526	GSM-505-2-WF-127C	$750,886.76	12-JUL-1989	CARGILL INC.
527	GSM-505-2-WF-128C	$300,984.92	13-JUL-1989	PEAVEY COMPANY
528	GSM-504-35-B-17C	$198,425.23	13-JUL-1989	CONTINENTAL GRAIN CO.
529	GSM-508-55-FP-5C	$3,134,941.20	14-JUL-1989	PILLSBURY COMPANY
530	GSM-512-50-W-57C	$7,480.00	14-JUL-1989	PEAVEY COMPANY
531	GSM-512-50-W-58C	$15,175.86	26-JUL-1989	LOUIS DREYFUS CORP.
532	GSM-512-50-W-59C	$9,002.63	26-JUL-1989	PEAVEY COMPANY
533	GSM-502-78-SFO-18C	$89,947.68	28-JUL-1989	AMBER, INC.
534	GSM-512-50-W-60C	$36,745.38	02-AUG-1989	PEAVEY COMPANY
535	GSM-512-50-W-61C	$4,850.39	02-AUG-1989	PEAVEY COMPANY
536	GSM-506-39-E-102C	$4,725.00	02-AUG-1989	GOLD KIST, INC.
537	GSM-512-50-W-62C	$8,818.92	03-AUG-1989	PEAVEY COMPANY
538	GSM-512-50-W-63C	$63,936.96	03-AUG-1989	PEAVEY COMPANY
539	GSM-505-100-WF-7C	$169,313.28	04-AUG-1989	CARGILL INC.
540	GSM-505-100-WF-8C	$93,320.22	07-AUG-1989	THE PILLSBURY COMPANY
541	GSM-506-39-E-103C	$4,725.00	07-AUG-1989	NATIONAL FOOD CORP.
542	GSM-506-39-E-104C	$51,975.00	07-AUG-1989	GOLD KIST, INC.
543	GSM-506-39-E-105C	$675.00	09-AUG-1989	NATIONAL FOOD CORP.
544	GSM-506-39-E-106C	$4,725.00	09-AUG-1989	NATIONAL FOOD CORP.
545	GSM-506-39-E-107C	$675.00	10-AUG-1989	NATIONAL FOOD CORP.
546	GSM-506-39-E-108C	$675.00	10-AUG-1989	NATIONAL FOOD CORP.
547	GSM-506-39-E-109C	$675.00	11-AUG-1989	NATIONAL FOOD CORP.
548	GSM-505-101-WF-1C	$659,175.40	11-AUG-1989	CONTINENTAL GRAIN CO.
549	GSM-512-50-W-64C	$8,818.88	15-AUG-1989	PEAVEY COMPANY
550	GSM-500-1-W-241C	$190,157.50	15-AUG-1989	CARGILL INC.
551	GSM-500-1-W-242C	$201,181.12	15-AUG-1989	CARGILL INC.
552	GSM-507-90-BM-3C	$59,523.89	16-AUG-1989	FROEDTERT MALT CORP.
553	GSM-500-1-W-243C	$191,994.72	17-AUG-1989	CAM USA, INC.
554	GSM-500-1-W-244C	$191,994.72	17-AUG-1989	CAM USA, INC.
555	GSM-500-1-W-245C	$203,018.39	17-AUG-1989	CARGILL INC.
556	GSM-500-1-W-246C	$214,041.96	17-AUG-1989	CAM USA, INC.
557	GSM-506-39-E-110C	$1,125.00	21-AUG-1989	GOLD KIST, INC.
558	GSM-506-39-E-111C	$675.00	22-AUG-1989	NATIONAL FOOD CORP.
559	GSM-504-35-B-18C	$120,708.67	22-AUG-1989	CARGILL INC.
560	GSM-506-39-E-112C	$675.00	23-AUG-1989	NATIONAL FOOD CORP.
561	GSM-506-39-E-113C	$675.00	23-AUG-1989	NATIONAL FOOD CORP.
562	GSM-506-39-E-114C	$675.00	23-AUG-1989	NATIONAL FOOD CORP.
563	GSM-500-1-W-247C	$191,994.72	23-AUG-1989	CONTINENTAL GRAIN CO.
564	GSM-500-1-W-248C	$191,994.72	23-AUG-1989	CONTINENTAL GRAIN CO.
565	GSM-512-50-W-65C	$3,086.58	24-AUG-1989	PEAVEY COMPANY
566	GSM-508-49-FP-12C	$121,032.54	24-AUG-1989	AMERICAN POULTRY INT'L.
567	GSM-506-39-E-115C	$630.00	25-AUG-1989	NATIONAL FOOD CORP.
568	GSM-506-39-E-116C	$45.00	29-AUG-1989	NATIONAL FOOD CORP.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
569	GSM-502-76-SBO-11C	$395,505.24	30-AUG-1989	CONTINENTAL GRAIN CO.
570	GSM-502-78-SFO-19C	$139,992.10	31-AUG-1989	AMBER, INC.
571	GSM-502-76-SBO-12C	$392,859.72	31-AUG-1989	COPROSTATES, INC.
572	GSM-506-39-E-117C	$900.00	31-AUG-1989	NATIONAL FOOD CORP.
573	GSM-506-39-E-118C	$900.00	31-AUG-1989	NATIONAL FOOD CORP.
574	GSM-506-39-E-119C	$900.00	01-SEP-1989	NATIONAL FOOD CORP.
575	GSM-506-39-E-120C	$900.00	05-SEP-1989	NATIONAL FOOD CORP.
576	GSM-506-39-E-121C	$2,700.00	05-SEP-1989	MCCALL SANDERS MKT.
577	GSM-506-39-E-122C	$4,050.00	05-SEP-1989	MCCALL SANDERS MKT.
578	GSM-506-39-E-123C	$1,575.00	06-SEP-1989	GOLD KIST, INC.
579	GSM-505-101-WF-2C	$628,311.00	06-SEP-1989	ADM MILLING COMPANY
580	GSM-506-39-E-124C	$900.00	07-SEP-1989	NATIONAL FOOD CORP.
581	GSM-506-39-E-125C	$840.00	08-SEP-1989	NATIONAL FOOD CORP.
582	GSM-506-39-E-126C	$900.00	08-SEP-1989	NATIONAL FOOD CORP.
583	GSM-506-39-E-127C	$9,261.00	08-SEP-1989	HIDDEN VILLA RANCH
584	GSM-506-39-E-128C	$1,912.50	11-SEP-1989	GOLD KIST, INC.
585	GSM-506-39-E-129C	$5,625.00	11-SEP-1989	NATIONAL FOOD CORP.
586	GSM-506-39-E-130C	$1,512.00	11-SEP-1989	NATIONAL FOOD CORP.
587	GSM-506-39-E-131C	$1,852.20	11-SEP-1989	HIDDEN VILLA RANCH
588	GSM-506-39-E-132C	$3,213.00	11-SEP-1989	NATIONAL FOOD CORP.
589	GSM-500-58-W-63C	$142,601.58	12-SEP-1989	CAM USA, INC.
590	GSM-506-39-E-133C	$6,525.00	12-SEP-1989	NATIONAL FOOD CORP.
591	GSM-506-39-E-134C	$315.00	12-SEP-1989	GOLD KIST, INC.
592	GSM-506-39-E-135C	$360.00	12-SEP-1989	GOLD KIST, INC.
593	GSM-506-39-E-136C	$1,575.00	12-SEP-1989	NATIONAL FOOD CORP.
594	GSM-506-39-E-137C	$9,261.00	12-SEP-1989	HIDDEN VILLA RANCH
595	GSM-502-76-SBO-13C	$476,193.60	13-SEP-1989	CARGILL INC.
596	GSM-500-15-W-72C	$103,838.54	13-SEP-1989	MITSUI GRAIN CORP.
597	GSM-500-15-W-73C	$198,307.37	13-SEP-1989	MITSUI GRAIN CORP.
598	GSM-500-15-W-74C	$172,072.15	13-SEP-1989	MITSUI GRAIN CORP.
599	GSM-500-15-W-75C	$109,182.82	13-SEP-1989	MITSUBISHI INT'L CORP.
600	GSM-500-15-W-76C	$53,076.71	13-SEP-1989	MITSUI GRAIN CORP.
601	GSM-506-39-E-138C	$22,500.00	13-SEP-1989	NATIONAL FOOD CORP.
602	GSM-506-39-E-139C	$1,575.00	14-SEP-1989	NATIONAL FOOD CORP.
603	GSM-506-39-E-140C	$5,175.00	15-SEP-1989	NATIONAL FOOD CORP.
604	GSM-506-39-E-141C	$91,350.00	15-SEP-1989	DECOSTER EGG FARMS
605	GSM-506-39-E-142C	$13,050.00	15-SEP-1989	DECOSTER EGG FARMS
606	GSM-508-49-PP-13C	$214,948.50	18-SEP-1989	AMERICAN POULTRY INT'L
607	GSM-506-39-E-143C	$900.00	19-SEP-1989	NATIONAL FOOD CORP.
608	GSM-506-39-E-144C	$900.00	19-SEP-1989	NATIONAL FOOD CORP.
609	GSM-506-39-E-145C	$900.00	20-SEP-1989	NATIONAL FOOD CORP.
610	GSM-506-39-E-146C	$3,150.00	21-SEP-1989	NATIONAL FOOD CORP.
611	GSM-506-39-E-147C	$1,575.00	21-SEP-1989	NATIONAL FOOD CORP.
612	GSM-506-39-E-148C	$2,160.00	21-SEP-1989	MCCALL SANDERS MKT.
613	GSM-506-39-E-149C	$900.00	21-SEP-1989	NATIONAL FOOD CORP.
614	GSM-506-39-E-150C	$900.00	21-SEP-1989	NATIONAL FOOD CORP.
615	GSM-506-39-E-151C	$1,038.00	22-SEP-1989	NATIONAL FOOD CORP.
616	GSM-506-39-E-152C	$1,038.00	22-SEP-1989	NATIONAL FOOD CORP.
617	GSM-506-39-E-153C	$6,525.00	25-SEP-1989	DECOSTER EGG FARMS
618	GSM-500-6-W-171C	$251,338.54	25-SEP-1989	LOUIS DREYFUS CORP.
619	GSM-500-6-W-172C	$167,559.02	25-SEP-1989	LOUIS DREYFUS CORP.
620	GSM-500-6-W-173C	$206,141.69	25-SEP-1989	LOUIS DREYFUS CORP.
621	GSM-500-6-W-174C	$137,427.80	25-SEP-1989	LOUIS DREYFUS CORP.
622	GSM-502-76-SBO-14C	$482,807.40	26-SEP-1989	CARGILL INC.
623	GSM-502-76-SBO-15C	$43,871.54	26-SEP-1989	CARGILL INC.
624	GSM-500-6-W-175C	$173,805.74	26-SEP-1989	CONTINENTAL GRAIN CO.
625	GSM-500-6-W-176C	$187,768.99	26-SEP-1989	CONTINENTAL GRAIN CO.
626	GSM-500-6-W-177C	$283,307.03	26-SEP-1989	LOUIS DREYFUS CORP.
627	GSM-500-6-W-178C	$192,545.90	26-SEP-1989	LOUIS DREYFUS CORP.
628	GSM-500-6-W-179C	$294,330.65	26-SEP-1989	LOUIS DREYFUS CORP.
629	GSM-500-6-W-180C	$197,028.83	26-SEP-1989	GARNAC GRAIN CO., INC.
630	GSM-500-6-W-181C	$199,894.98	26-SEP-1989	LOUIS DREYFUS CORP.
631	GSM-500-6-W-182C	$305,354.27	26-SEP-1989	LOUIS DREYFUS CORP.
632	GSM-500-6-W-183C	$207,244.06	26-SEP-1989	LOUIS DREYFUS CORP.
633	GSM-506-39-E-154C	$6,525.00	27-SEP-1989	DECOSTER EGG FARMS
634	GSM-506-39-E-155C	$900.00	28-SEP-1989	GOLD KIST, INC.
635	GSM-506-39-E-156C	$900.00	28-SEP-1989	GOLD KIST, INC.
636	GSM-500-61-W-301C	$513,333.24	29-SEP-1989	BUNGE CORP.
637	GSM-500-61-W-302C	$448,273.26	29-SEP-1989	CARGILL INC.
638	GSM-500-61-W-303C	$359,360.56	29-SEP-1989	TOEPFER INTERNATIONAL
639	GSM-500-61-W-304C	$298,740.18	29-SEP-1989	CARGILL INC.

SOURCE: R.P.& R. BR., CCC/OD, FAS.

FY 1989 AGREEMENTS UNDER THE EXPORT ENHANCEMENT PROGRAM

FY 89 NO.	AGREEMENT NUMBER	MEAN BONUS AWARDED PER AGREEMENT	DATE OF AWARD	NAME OF EXPORTER
640	GSM-500-61-W-305C	$299,621.99	29-SEP-1989	CONTINENTAL GRAIN CO.
641	GSM-500-61-W-306C	$496,062.90	29-SEP-1989	LOUIS DREYFUS CORP.
642	GSM-500-61-W-307C	$542,362.10	29-SEP-1989	LOUIS DREYFUS CORP.
643	GSM-506-39-E-157C	$840.00	29-SEP-1989	NATIONAL FOOD CORP.
644	GSM-506-39-E-158C	$900.00	29-SEP-1989	NATIONAL FOOD CORP.
		$338,765,261.68		

SOURCE: R.P.& R. BR., CCC/OD, FAS.

EXPORT ENHANCEMENT PROGRAM SALES

Mr. **Whitten**. What was the total quantity of commodities sold to the Soviet Union under the Export Enhancement Program during fiscal year 1989, and what was the value of the bonus in connection with these sales?

Mr. **Dickerson**. Under the Export Enhancement Program 4,696,000 metric tons of wheat were sold to the Soviet Union during fiscal year 1989. U.S. exporters were awarded bonuses with a total value of $96 million.

Mr. **Whitten**. What commodities were sold to China during fiscal year 1989, and what was the value of the EEP bonus paid on these sales?

Mr. **Dickerson**. Under the Export Enhancement Program, 5,370,000 metric tons of wheat were sold to China during fiscal year 1989. U.S. exporters were awarded bonuses with a total value of $110 million.

Mr. **Whitten**. What was sold to Poland?

Mr. **Dickerson**. Under the Export Enhancement Program 22,000 metric tons of wheat and 43,000 metric tons of barley were sold to Poland during fiscal year 1989. U.S. exporters were awarded bonuses of $143,000 for the wheat and $640,000 for the barley, for a total bonus value of about $783,000 for both commodities.

CCC EXPORT CREDIT GUARANTEE PROGRAM

Mr. **Whitten**. During fiscal year 1989, $5.0 billion in short-term credit guarantees were made available to 26 countries involving sales of $4.6 billion. Would you please provide for the record a list of the 26 countries, showing the amount of the guarantee and what commodities were sold?

Mr. **Dickerson**. I will be happy to provide that information for the record.

[The information follows:]

CCC Guarantee Program: Payment Guarantee Commitments by Country for GSM-102

Country/Commodity (Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	millions of dollars				
Algeria	690.5	587.21	103.29		Freight
Cotton (36)	24.83	24.83	0.0	12/31/89	
Dairy Products (Butter, Butteroil, Cheese and Milk Powder) (36)	0.5	0.0	0.5	12/31/89	
Feed Grains (36)	150.0	113.4	36.6	12/31/89	
Hides and/or skins (720-days)	13.0	12.3	0.7	12/31/89	
Planting Seeds (36)	0.89	0.89	0.0	12/31/89	
Protein Meals (36)	112.62	112.62	0.0	12/31/89	
Pulses (Dry Beans, Peas, Lentils) (36)	15.0	14.8	0.2	12/31/89	
Rice (36)	7.11	7.11	0.0	12/31/89	
Tallow (36)	25.0	17.2	7.8	12/31/89	
Veg. Oils (36)	30.0	24.3	5.7	12/31/89	
Wheat (36)	219.03	211.16	7.87	12/31/89	
Wood Products, Solid (Lumber, Plywood and Veneer) (720-days)	50.0	28.8	21.2	12/31/89	
Wood Pulp and/or Wood Chips (720-days)	20.0	19.8	0.2	12/31/89	
Undesignated	22.52	0.0	22.52		
Brazil	25.0	23.1	1.9		
Wheat (36)	25.0	23.1	1.9	12/31/89	
Chile	11.0	8.9	2.1		
Feed Grains (Incl. Malting Barley) (36)	10.0	8.9	1.1	12/31/89	
Undesignated	1.0	0.0	1.0		

Country/Commodity (Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees: Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - -				
Colombia	75.0	68.34	6.66		
Oilseeds (36)	20.0	19.1	0.9	12/31/89	
Pulses (Dried Peas, Beans and Lentils)(36)	2.6	1.6	1.0	12/31/89	
Tallow and/or Greases (36)	7.5	7.1	0.4	12/31/89	
Wheat (36)	40.54	40.54	0.0	12/31/89	
Undesignated	4.36	0.0	4.36		
Ecuador	132.0	116.52	15.48		
Animal Milk Replacer and/or Calf Starter Pre-Mix (36)	0.5	0.5	0.0	12/31/89	
Cotton (36)	8.3	8.3	0.0	12/31/89	
Feed Grains (Incl. * Malting Barley) (36)	3.4	3.4	0.0	12/31/89	
Livestock, Breeder (Incl. Embryos, Semen, Poultry Breeder Stock and Hatching Eggs) (36)	1.0	0.72	0.28	12/31/89	Freight
Planting Seeds (36)	0.7	0.5	0.2	12/31/89	
Pulses (Dried Lentils and Peas) (36)	0.5	0.2	0.3	12/31/89	
Rice (36)	25.0	25.0	0.0	12/31/89	
Tallow and/or Greases (36)	5.0	4.3	0.7	12/31/89	
Veg. Oils (36)	17.8	17.5	0.3	12/31/89	
Wheat (36)	69.8	56.1	13.7	12/31/89	

* Includes both white and yellow corn.

Country/Commodity Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees: Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Egypt	350.0	349.8	0.2		
Wheat (36) *	291.0	290.8	0.2	12/31/89	
Wheat Flour (36) *	59.0	59.0	0.0	12/31/89	
El Salvador	23.0	22.74	0.26		
Feed Grains (36)**	3.5	3.4	0.1	12/31/89	
Poultry Breeder Stock (Incl. Fertilized Eggs) (36)	1.0	0.84	0.16	12/31/89	Freight
Protein Meals (36)	11.5	11.5	0.0	12/31/89	
Tallow and/or Greases (36)	4.7	4.7	0.0	12/31/89	
Veg. Oils (36)	1.0	1.0	0.0	12/31/89	
Wheat (36)	1.3	1.3	0.0	12/31/89	
Guatemala	12.00	10.50	1.50		
Protein Meals(36)	1.23	1.23	0.0	12/31/89	
Tallow and/or Greases (36)	4.16	4.16	0.0	12/31/89	
Veg. Oils (36)	0.5	0.0	0.5	12/31/89	
Wheat (36)	5.11	5.11	0.0	12/31/89	
Undesignated	1.0	0.0	1.0		
Haiti	19.0	19.0	0.0		
Wheat (12)	19.0	19.0	0.0	12/31/89	
Honduras	25.0	19.8	5.2		
Baby Chicks and Hatching Eggs (36)	0.5	0.1	0.4	12/31/89	
Feed Grains (Incl. Malting Barley) (36)	5.0	2.0	3.0	12/31/89	
Oilseeds (36)	5.0	5.0	0.0	12/31/89	
Planting Seeds (36)	0.5	0.0	0.5	12/31/89	
Protein Meals (36)	8.5	8.5	0.0	12/31/89	

* Available for public sector purchases.

** Includes both white and yellow corn.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Honduras Cont					
Rice (36)	0.5	0.0	0.5	12/31/89	
Tallow (36)	3.0	2.2	0.8	12/31/89	
Wheat (36)	2.0	2.0	0.0	12/31/89	
Hungary	4.4	2.0	2.4		
Almonds, Shelled (36)	0.4	0.0	0.4	12/31/89	
Cotton (36)	2.0	0.8	1.2	12/31/89	
Livestock, Breeder (Incl. Cattle Embryos and Semen) (36)	2.0	1.2	0.8	12/31/89	Freight
Iraq	1,051.6	1,050.4	1.2		Freight (Air/Sea)
Barley Malt, Hops and/or Hops Extract (36)	1.6	1.6	0.0	12/31/89	
Concentrates (Fruit Juice and/or Soft Drink) (36)	6.4	6.4	0.0	12/31/89	
Corn Starch Products (Corn starch, corn Dextrin and corn Thickeners) (36)	2.5	2.5	0.0	12/31/89	
Cotton and/or 100 Percent Cotton Yarns (36).	39.2	39.2	0.0	12/31/89	
Dairy Products (Cheese and Dry Milk Powder (Full Fat and/or Non-Fat) (36)	27.1	26.7	0.4	12/31/89	
Feed Grains (36)	119.9	119.1	0.8	12/31/89	
Hides and/or Skins (36)	2.3	2.3	0.0	12/31/89	

Country/Commodity (Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Iraq Cont.					Freight (Air/Sea)
Leather (Semi and/or Fully Finished -- Incl. a Full Range of Further Processed Commodities such as Wet Blues and Crust Leather) (720-days)	7.6	7.6	0.0	12/31/89	
Planting Seeds (36)	10.4	10.4	0.0	12/31/89	
Protein Concentrates (Animal or Vegetable Origin) (36)	101.8	101.8	0.0	12/31/89	
Protein Meals (36)	96.6	96.6	0.0	12/31/89	
Pulses (Dry Edible Peas, Beans, Lentils) (36)	17.5	17.5	0.0	12/31/89	
Rennet, Natural Calf (36)	0.3	0.3	0.0	12/31/89	
Rice (36)	143.1	143.1	0.0	12/31/89	
Sugar (36)	52.4	52.4	0.0	12/31/89	
Tallow (36)	13.7	13.7	0.0	12/31/89	
Veg. Oils (36)	11.8	11.8	0.0	12/31/89	
Wheat/Wheat Flour (36)	213.2	213.2	0.0	12/31/89	
Wood Panel Products (Plywood, Hardboard, Fibreboard and Particleboards) (12)	20.2	20.2	0.0	12/31/89	
Wood Products (Lumber) (36)	98.1	98.1	0.0	12/31/89	
Wood Pulp and/or Wood Chips (36)	42.7	42.7	0.0	12/31/89	
Wool and/or Wool Top* (Excluding Yarn) (36)	19.8	19.8	0.0	12/31/89	
Yeast (36)	3.4	3.4	0.0	12/31/89	

* Must be 100 percent wool and/or wool top.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees: Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Jamaica	72.0	69.89	2.11		
Concentrate, Fruit Juice (36)	0.2	0.04	0.16	12/31/89	
Feed Grains (36) *	7.4	7.1	0.3	12/31/89	
Hops and/or Hops Extract (36)	0.3	0.2	0.1	12/31/89	
Meat, Frozen or Chilled (Beef, Pork or Poultry) (36)	15.4	15.0	0.4	12/31/89	
Milk, Non-Fat Dry (36)	3.7	3.7	0.0	12/31/89	
Oilseeds (36)	19.53	19.15	.38	12/31/89	
Protein Meals (36)	0.6	0.6	0.0	12/31/89	
Rice (36)	7.2	7.2	0.0	12/31/89	
Tallow and/or Greases (36)	3.0	2.4	0.6	12/31/89	
Veg. Oils (36)	0.6	0.6	0.0	12/31/89	
Wheat/Wheat Flour (36)	5.0	5.0	0.0	12/31/89	
Wood Products, Solid (Lumber and/or Plywood) (720-days)	9.0	8.9	0.1	12/31/89	
Undesignated	0.07	0.0	0.07		
Jordan	13.0	12.6	0.4		
Feed Grains (36)	12.0	11.6	0.4		
Processed Food Products (24) **	1.0	1.0	0.0	12/31/89	

* Includes both white and yellow corn.

** U.S. processed grocery items totally derived from U.S. agricultural commodities and products.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars		- - -		
Korea	560.0	550.9	9.1		
Cotton (18)	204.5	201.5	3.0	12/31/89	
Feed Grains (12)	78.0	78.0	0.0	12/31/89	
Furskins (12)	25.0	21.5	3.5	12/31/89	
Leather (Semi and/or Fully-Finished) (12)	4.8	4.8	0.0	12/31/89	
Oilseeds (12)	52.0	51.9	0.1	12/31/89	
Tallow and/or Yellow Grease (12)	20.7	18.2	2.5	12/31/89	
Wheat (12)	165.0	165.0	0.0	12/31/89	
Wood Products, Solid (Lumber and Veneer) (12)	10.0	10.0	0.0	12/31/89	
Mexico	1,139.5	1,137.73	1.77		
Beans, Dry Edible (36)	51.0	50.4	0.6	12/31/89	
Feed Grains (36) *	387.14	387.07	0.07	12/31/89	
Hides and Skins (36)	4.0	4.0	0.0	12/31/89	
Livestock, Breeder/ Nonbreeder (Incl. Semen, Embryos and Embryo Transplants)(36)	49.72	49.72	0.0	12/31/89	
Meat, Frozen or Chilled (U.S. Beef, Pork or Poultry) (36)	16.37	16.37	0.0	12/31/89	
Milk, Non-Fat Dry (36)	115.1	115.1	0.0	12/31/89	
Oilseeds (36)	255.9	255.9	0.0	12/31/89	1/
Planting Seeds (36)	4.9	4.9	0.0	12/31/89	
Protein Meals (36)	49.97	49.97	0.0	12/31/89	
Rice (36)	51.4	50.7	0.7	12/31/89	

* Includes both white and yellow corn.
See footnote on page 10.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees: Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Mexico Cont.					
Tallow and/or Greases (36)	40.5	40.5	0.0	12/31/89	
Veg. Oils (36)	15.0	14.6	0.4	12/31/89	1/
Wheat (36)	70.6	70.6	0.0	12/31/89	1/
Wood Pulp (720-days) 2/	27.9	27.9	0.0	12/31/89	
Morocco	15.0	2.4	12.6		
Cotton (36)	3.0	0.0	3.0	12/31/89	
Livestock, Breeder (Incl. Breeder Chicks, Semen and Embryos)(36)	2.0	0.0	2.0	12/31/89	Freight
Veg. Oils (36)	5.0	2.4	2.6	12/31/89	
Undesignated	5.0	0.0	5.0		
Pakistan	156.9	156.2	0.7		
Veg. Oils (36)	107.9	107.2	0.7	12/31/89	Freight
Wheat (36)	49.0	49.0	0.0	12/31/89	
Senegal	15.0	14.9	0.1		
Rice (12)*	15.0	14.9	0.1	12/31/89	
Suriname	5.0	5.0	0.0		
Wheat (36)	5.0	5.0	0.0	12/31/89	
Trinidad and Tobago	62.0	60.9	1.1		
Feed Grains (36) **	11.0	11.0	0.0	12/31/89	
Oilseeds (36)	28.0	26.9	1.1	12/31/89	

See footnotes on page 10

* Available for public sector purchases.

** Includes both white and yellow corn.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Trinidad and Tobago Cont					
Rice (36)	11.0	11.0	0.0	12/31/89	
Wheat (36)	12.0	12.0	0.0	12/31/89	
Tunisia	20.0	9.5	10.5		
Veg. Oils (36)	10.0	9.5	0.5	12/31/89	
Wheat (36)	10.0	0.0	10.0	12/31/89	
Turkey	145.0	130.35	14.65		
Feed Grains (36)	30.0	26.2	3.8	12/31/89	
Oilseeds (36)	4.2	4.2	0.0	12/31/89	
Planting Seeds (36)	3.0	2.4	0.6	12/31/89	
Rice (36)	5.1	4.0	1.1	12/31/89	
Veg. Oils (36)	2.33	2.33	0.0	12/31/89	
Wheat (36)	96.37	91.22	5.15	12/31/89	
Wood Products, Solid (Lumber) (12)	1.0	0.0	1.0	12/31/89	
Undesignated	3.0	0.0	3.0		
Venezuela	300.00	300.00	0.0		
Feed Grains * (Incl. Malting Barley) (36)	77.97	77.97	0.0	12/31/89	
Oilseeds (36)	43.24	43.24	0.0	12/31/89	
Protein Meals (36)	81.81	81.81	0.0	12/31/89	
Veg. Oils (36)	26.98	26.98	0.0	12/31/89	
Wheat (36)	70.0	70.0	0.0	12/31/89	

* Includes both white and yellow corn.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1989 Guarantees	Guarantees Approved	Balance	Final Shipment Date 3/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Yemen Arab Republic	20.0*	18.3	1.7		
Feed Grains (36)	6.0	5.5	0.5	12/31/89	
Protein Meals (36)	5.5	4.7	0.8	12/31/89	
Wheat (36)	8.5	8.1	0.4	12/31/89	
Yugoslavia	23.3	22.8	0.5		
Cotton (12)	12.7	12.2	0.5	12/31/89	
Hides and/or Skins (720-days)	1.1	1.1	0.0	12/31/89	
Oilseeds (12)	9.5	9.5	0.0	12/31/89	
TOTAL for GSM-102	4,965.20	4,769.78	195.42		

* Available for sales to the Ministry of Economy, Supply, and Trade (General Corporation for Foreign Trade and Grain).

1/ Coverage available for maritime freight costs only.
2/ Credit terms effective as of 2/6/89.
3/ All sales must be registered by 9/30/89.

CCC EXPORT CREDIT GUARANTEE PROGRAM

Mr. **Whitten**. What countries have been approved for short-term guarantees so far in fiscal year 1990 and what commodities are involved?

Mr. **Dickerson**. We will provide that information for the record.

[The information follows:]

CCC Guarantee Program: Payment Commitments by Country for GSM-102

February 2, 1990

Country/Commodity (Credit Period Mos.)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 2/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Algeria	675.0	317.6	357.4		Freight
Barley Malt (36)	2.0	0.0	2.0	12/31/90	
Cotton (36)	25.0	0.0	25.0	12/31/90	
Dairy Products (Butter, Butteroil, Cheese and Milk Powder) (36)	20.0	0.0	20.0	12/31/90	
Feed Grains (36)	124.0	106.8	17.2	12/31/90	
Hides and/or Skins (720-days)	13.0	3.8	9.2	12/31/90	
Planting Seeds (36)	10.0	0.2	9.8	12/31/90	
Protein Meals (36)	95.0	34.9	60.1	12/31/90	
Pulses (Dry Beans, Peas, Lentils) (36)	20.0	13.2	6.8	12/31/90	
Rice (36)	10.8	10.8	0.0	12/31/90	
Semolina (36)	10.0	0.0	10.0	12/31/90	
Tallow (36)	10.0	5.0	5.0	12/31/90	
Veg. Oils (36)	28.0	4.1	23.9	12/31/90	
Wheat (36)	185.0	92.8	92.2	12/31/90	
Wood Products, Solid (Lumber, Plywood and Veneer) (720-days)	70.0	39.0	31.0	12/31/90	
Wood Pulp and/or Wood Chips (720-Days)	25.0	7.0	18.0	12/31/90	
Undesignated	27.2	0.0	27.2		
Chile	35.0	2.5	32.5		
Feed Grains (Incl. Malting Barley) (36)	18.0	2.5	15.5	12/31/90	
Wheat and/or Wheat Flour (36)	15.0	0.0	15.0	12/31/90	
Undesignated	2.0	0.0	2.0		

Country/Commodity (Credit Period Mos.)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 2/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - -				
Colombia	142.0	4.8	137.2		
Feed Grains (Incl. Malting Barley) (36)	6.0	0.0	6.0	12/31/90	
Hops and/or Hops Extract (36)	2.0	0.0	2.0	12/31/90	
Livestock, Breeder (Incl. Poultry Breeder Stock, Hatching Eggs, Embryos and Semen)(36)	1.0	0.0	1.0	12/31/90	Freight
Milk, Non-Fat Dry (36)	2.0	0.0	2.0	12/31/90	
Oilseeds (36)	30.0	0.0	30.0	12/31/90	
Protein Meals (36)	4.0	0.0	4.0	12/31/90	
Pulses (Dry Peas, Beans and Lentils)(36)	5.0	0.8	4.2	12/31/90	
Tallow and/or Greases (36)	6.0	2.9	3.1	12/31/90	
Veg. Oils	25.0	0.0	25.0	12/31/90	
Wheat (36)	52.0	1.1	50.9	12/31/90	
Undesignated	9.0	0.0	9.0		
Ecuador	100.0	33.83	66.17		
Animal Milk Replacer (Incl. Calf Starter Pre-Mix) (36)	0.5	0.0	0.5	12/31/90	
Cotton (36)	15.0	4.9	10.1	12/31/90	
Feed Grains* (Incl. Malting Barley) (36)	3.0	0.0	3.0	12/31/90	
Fruits, Fresh (Pears, Apples, Grapes and Kiwi) (36)	1.0	0.0	1.0	12/31/90	Freight
Livestock, Breeder (Incl. Poultry Breeder Stock, Hatching Eggs, Embryos and Semen)(36)	1.0	0.33	0.67	12/31/90	Freight
Planting Seeds (36)	0.5	0.02	0.48	12/31/90	

* Includes both white and yellow corn.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 2/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Ecuador (Cont.)					
Pulses (Dried Peas, Beans, Lentils) (36)	0.5	0.0	0.5	12/31/90	
Rice (36)	5.0	0.0	5.0	12/31/90	
Tallow and/or Greases (36)	3.0	1.9	1.1	12/31/90	
Veg. Oils (36)	8.38	8.38	0.0	12/31/90	
Wheat (36)	60.0	18.3	41.7	12/31/90	
Wood Products, Solid (Lumber and Panel Products) (12)	1.5	0.0	1.5	12/31/90	
Undesignated	0.62	0.0	0.62		
Egypt	200.0	199.2	0.8		
Wheat (36) *	170.0	169.6	0.4	12/31/90	
Wheat Flour (36) *	30.0	29.6	0.4	12/31/90	
El Salvador	24.0	11.66	12.34		
Feed Grains ** (Incl. Malting Barley) (36)	1.1	0.4	0.7	12/31/90	
Poultry Breeder Stock (Incl. Hatching Eggs) (36)	1.0	0.66	0.34	12/31/90	Freight
Protein Meals (36)	11.0	3.7	7.3	12/31/90	
Tallow and/or Greases (36)	6.1	2.1	4.0	12/31/90	
Veg. Oils (36)	1.8	1.8	0.0	12/31/90	
Wheat/Wheat Flour (36)	3.0	3.0	0.0	12/31/90	
Guatemala	20.0	4.7	15.3		
Protein Meals (36)	2.0	0.0	2.0	12/31/90	
Tallow and/or Greases (36)	8.0	2.4	5.6	12/31/90	
Veg. Oils (36)	4.0	0.0	4.0	12/31/90	
Wheat and/or Wheat Flour (36)	4.0	2.3	1.7	12/31/90	
Undesignated	2.0	0.0	2.0		

* Available for public sector purchases.

** Includes both white and yellow corn.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 2/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Hungary	26.0	0.0	26.0		
Almonds, Shelled (36)	1.0	0.0	1.0	12/31/90	
Cotton (36)	3.0	0.0	3.0	12/31/90	
Livestock, Breeder (Incl. Cattle Embryos and Semen) (36)	2.0	0.0	2.0	12/31/90	Freight
Oilseeds (36)	15.0	0.0	15.0	12/31/90	
Rice (36)	5.0	0.0	5.0	12/31/90	
Iraq	500.0	323.7	176.3		Freight (Air/Sea)
Barley Malt, Hops and/or Hops Extract (36)	2.0	0.0	2.0	12/31/90	
Cotton and/or 100 Percent Cotton Yarns (36)	25.0	0.0	25.0	12/31/90	
Dry Milk Powder (Non-Fat and/or Full Fat) and Cheese (36)	18.0	0.0	18.0	12/31/90	
Feed Grains * (36)	56.0	56	0.0	12/31/90	
Hides and Skins (36)	2.0	0.0	2.0	12/31/90	
Leather (Semi and/or Fully Finished--Incl. a Full Range of Further Processed Commodities Such as Wet blues and Crust Leather) (720-Days)	4.0	0.0	4.0	12/31/90	
Lumber (36)	15.0	12.9	2.1	12/31/90	
Planting Seeds (36)	6.0	0.0	6.0	12/31/90	
Poultry Breeder Stock (Broiler and/or Layer Chicks--Incl. Hatching Eggs) (36)	7.0	0.0	7.0	12/31/90	

* Includes both white and yellow corn.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 2/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Iraq (Cont.)					Freight (Air/Sea)
Protein Concentrates (Animal and/or Vegetable Origin) (36)	35.0	27.5	7.5	12/31/90	
Protein Meals (36)	25.0	25.0	0.0	12/31/90	
Pulses (Dried Peas, Beans, Lentils) (36)	15.0	7.5	7.5	12/31/90	
Rice (36)	70.0	55.0	15.0	12/31/90	
Sugar (36)	40.0	15.4	24.6	12/31/90	
Tallow (36)	10.0	0.0	10.0	12/31/90	
Veg. Oils (36)	14.0	0.0	14.0	12/31/90	
Wheat and/or Wheat Flour (36)	83.0	82.7	0.3	12/31/90	
Wood Panel Products (Plywood, Hardboard, Fiberboard and Particleboard) (12)	5.0	0.0	5.0	12/31/90	
Wood Pulp/Chips (36)	35.0	10.1	24.9	12/31/90	
Wool/Mohair and Wool/ Mohair Tops (Excl. Yarn) (36)	15.0	15.0	0.0	12/31/90	
Yeast (36)	8.0	6.6	1.4	12/31/90	
Jordan	42.0	6.4	35.6		
Feed Grains (36)	10.0	6.4	3.6	12/31/90	
Rice (36)	10.0	0.0	10.0	12/31/90	
Wheat (36)	20.0	0.0	20.0	12/31/90	
Undesignated	2.0	0.0	2.0		
Kenya	6.0	0.0	6.0		
Wheat (36)	6.0	0.0	6.0	12/31/90	
Korea	548.0	215.4	332.6		
Cotton (18)	200.0	76.2	123.8	12/31/90	
Feed Grains (12)	78.0	53.8	24.2	12/31/90	
Furskins (12)	22.0	4.3	17.7	12/31/90	

Country/Commodity (Credit Period Mos.)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 2/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Korea (Cont.)					
Leather (Semi and/or Fully-Finished) (12)	3.0	0.9	2.1	12/31/90	
Oilseeds (12)	50.0	11.3	38.7	12/31/90	
Tallow and/or Yellow Grease (12)	20.0	3.3	16.7	12/31/90	
Wheat (12)	165.0	62.2	102.8	12/31/90	
Wood Products, Solid (Lumber and Veneer) (12)	10.0	3.4	6.6	12/31/90	
Mexico	1,225.0	538.1	686.9		
Eggs, Table (36)	10.0	0.0	10.0	12/31/90	
Feed Grains* (Incl. Malting Barley) (36)	410.0	361.4	48.6	12/31/90	
Hides and Skins (36)	5.0	3.1	1.9	12/31/90	
Meat, Frozen or Chilled (U.S. Beef, Pork, Poultry & Offals) (36)	10.0	1.6	8.4	12/31/90	
Milk, Non-Fat Dry (36)	120.0	4.0	116.0	12/31/90	
Oilseeds (36)	280.0	14.2	265.8	12/31/90	
Planting Seeds (36)	5.0	0.0	5.0	12/31/90	
Protein Meals (36)	50.0	24.5	25.5	12/31/90	
Pulses (Dry Edible Beans, Peas, Lentils) (36)	45.0	23.2	21.8	12/31/90	
Rice (36)	30.0	21.8	8.2	12/31/90	
Tallow, Greases and/or Lard (36)	50.0	25.4	24.6	12/31/90	
Veg. Oils (36)	35.0	6.9	28.1	12/31/90	
Wheat (36)	35.0	27.3	7.7	12/31/90	
Wood Products, Solid (Plywood, Lumber, Railroad Ties) (720-Days)	25.0	0.0	25.0	12/31/90	
Wood Pulp/Wood Chips (720-Days)	25.0	24.7	0.3	12/31/90	
Undesignated	90.0	0.0	90.0		

* Includes both white and yellow corn.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 2/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of	dollars - - -			
Morocco	20.0	0.0	20.0		
Veg Oils. (36)	20.0	0.0	20.0	12/31/90	
Pakistan	180.0	107.1	72.9		
Feed Grains (36)	1.0	0.0	1.0	12/31/90	
Poultry Breeder Stock (Incl. Hatching Eggs) (36)	1.0	0.0	1.0	12/31/90	
Protein Meals (36)	2.0	0.0	2.0	12/31/90	
Pulses (Dry Beans, Peas, Lentils) (36)	1.0	0.0	1.0	12/31/90	
Veg. Oils (36)	65.0	38.5	26.5	12/31/90	
Wheat (36)	108.6	68.6	40.0	12/31/90	
Undesignated	1.4	0.0	1.4		
Senegal	13.0*	7.9	5.1		
Rice (12)	13.0	7.9	5.1	12/31/90	
Suriname	5.0	0.0	5.0		
Wheat (36)	5.0	0.0	5.0	12/31/90	
Trindad and Tobago	45.0	4.9	40.1		
Feed Grains ** (36)	6.0	1.1	4.9	12/31/90	
Oilseeds (36)	15.0	2.2	12.8	12/31/90	
Rice (36)	11.0	0.7	10.3	12/31/90	
Wheat (36)	8.0	0.9	7.1	12/31/90	
Undesignated	5.0	0.0	5.0		
Tunisia	37.0	9.9	27.1		
Tallow (36)	5.0	0.0	5.0	12/31/90	
Veg. Oils (36)	25.0	9.9	15.1	12/31/90	
Wood Products, Solid (Lumber, Plywood and/or Veneer) (720-days)	7.0	0.0	7.0	12/31/90	

* Available for public sector purchases.

** Includes both white and yellow corn.

Country/Commodity (Credit Period Mos.)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 2/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Turkey	150.0*	37.8	112.2		
Feed Grains (36)	25.0	13.1	11.9	12/31/90	
Planting Seeds (36)	5.0	0.0	5.0	12/31/90	
Rice (36)	15.0	3.8	11.2	12/31/90	
Wheat (36)	80.0	20.9	59.1	12/31/90	
Undesignated	25.0	0.0	25.0		
Venezuela	100.0 1/	5.3	94.7		
Feed Grains ** (Incl. Malting Barley) (36)	15.0	0.8	14.2	12/31/90	
Oilseeds (36)	10.0	0.0	10.0	12/31/90	
Planting Seeds (36)	5.0	0.0	5.0	12/31/90	
Protein Meals (36)	15.0	0.9	14.1	12/31/90	
Pulses (Dry Peas, Beans, Lentils) (36)	5.0	0.0	5.0	12/31/90	
Seed Potatoes (36)	5.0	0.0	5.0	12/31/90	
Veg. Oils (36)	15.0	0.0	15.0	12/31/90	
Wheat (36)	30.0	3.6	26.4	12/30/90	
Yugoslavia	40.0	4.7	35.3		
Cotton (12)	15.0	4.7	10.3	12/31/90	
Hides and Skins (12)	5.0	0.0	5.0	12/31/90	
Oilseeds (12)	15.0	0.0	15.0	12/31/90	
Wood Products, Solid (Lumber, Veneer and Panel Products -- Plywood, Hardboard, Fiberboard and Particleboard) (12)	5.0	0.0	5.0	12/31/90	
TOTAL for GSM-102	4,133.0	1,835.49	2,297.51		

1/ Total authorized allocation was $300.0 million, however $200.0 million remains non-operational.

2/ All sales must be registered by 9/30/90.

* Available only on sales to the Turkish Grain Board - Toprak Mahsulleri Ofisi (TMO).

** Includes both white and yellow corn.

CCC EXPORT CREDIT GUARANTEE PROGRAM

Mr. WHITTEN. Why did Iraq and Mexico receive 40 percent of these guarantees?

Mr. DICKERSON. Both Mexico and Iraq are major markets for U.S. agricultural commodities and are currently our fourth and tenth largest markets, respectively. These countries have had financial difficulties in the last few years and without GSM-102 and 103 credit guarantee programs, sales into these markets would have been much less.

Both countries have asked for more credit guarantees than we have provided. While we recognize that both Iraq and Mexico are not the best credit risks in our portfolio, they have a good payment record on GSM obligations, and we think their long run ability to pay is good. The current allocations for these countries are based on their need, the market development potential, and their good payment record.

Mr. WHITTEN. What percent of the sale does CCC guarantee and why?

Mr. DICKERSON. It is CCC's practice to provide coverage on up to 98 percent of the port value on export credit sales of U.S. agricultural commodities under GSM-102 and 103. The term port value, is defined in the GSM-102/103 programs regulations.

CCC also provides fixed interest risk protection at the rate of 4.5 percent per annum on covered principal under GSM-102.

Under GSM-103, CCC provides interest risk coverage on covered principal on a variable rate basis. That coverage is equal to 80 percent of the most recent 52 week Treasury bill coupon equivalent yield auction average. The rate of coverage is subject to adjustment as of each principal due date based upon the then current Treasury bill rate.

CCC's provides coverage on less than 100 percent of the risks in the case of both principal and interest. This reflects CCC's belief that where commercial lenders are obliged to share in the risks associated with lending, they are likely to exercise greater care in assessing those risks and in accomplishing the sundry related administrative tasks than would otherwise be the case.

INTERMEDIATE EXPORT CREDIT GUARANTEE PROGRAM—(GSM-103)

Mr. WHITTEN. During fiscal year 1989, $500 million in intermediate credit guarantees were made available involving actual sales registrations of approximately $425.5 million. Would you please list for the record the countries and the guarantees involved?

Mr. DICKERSON. I will provide that information for the record.

[The information follows:]

9/30/89

CCC Guarantee Program: Payment Guarantee Commitment by Country for GSM-103

Country/Commodity (Credit Period-- Years)	TOTAL FY 1989 Guarantees	Guarantees: Approved	Balance	Final Shipment: Date 1/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Algeria	10.0	0.0	10.0		Freight
Poultry Stock, U.S. (Breeder and/or Broiler or Layer Chicks and/or Fertilized Eggs (4-7)	10.0	0.0	10.0	12/31/89	
Argentina	1.0	0.9	0.1		Freight
Breeder Livestock (Incl. Embryos, Embryo Transplants and Semen) and Poultry Breeder Stock (Incl. Breeder Chicks and/or Hatching Eggs) (4-7)	1.0	0.9	0.1	12/31/89	
Bangladesh	20.9	20.9	0.0		Freight
Wheat (4-7)	20.9	20.9	0.0	12/31/89	
Costa Rica	5.0	0.0	5.0		
Corn (4-7)	2.0	0.0	2.0	12/31/89	
Oilseeds (4-10)*	2.6	0.0	2.6	12/31/89	
Protein Meals (4-10)*	0.4	0.0	0.4	12/31/89	
El Salvador	1.0	0.0	1.0		Freight
Breeder Livestock (Incl. Semen, Embryos and Embryo Transplants (4-7)	1.0	0.0	1.0	12/31/89	

* Available only on sales to Grupo PIPASA, S.A.

Country/Commodity (Credit Period-- Years)	TOTAL FY 1989 Guarantees	Guarantees Approved	Balance	Final Shipment Date 1/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Guatemala	1.0	0.0	1.0		Freight
Breeder Livestock (4-7)	1.0	0.0	1.0	12/31/89	
Iraq	38.4	38.4	0.0		Freight
Breeder Chicks and/or Hatching Eggs (4-7)	11.2	11.2	0.0	12/31/89	
Tobacco (4-7)	27.2	27.2	0.0	12/31/89	
Jordan	65.0*	64.43	0.57		
Feed Grains (4-7)	12.30	12.30	0.0	12/31/89	
Rice (4-7)	12.04	12.04	0.0	12/31/89	
Wheat (4-7)	40.09	40.09	0.0	12/31/89	
Undesignated	0.57	0.0	0.57		
Mexico	135.0	121.8	13.2		
Beans, Dry Edible (4-7)	32.5	20.4	12.1	12/31/89	
Breeder Livestock (Incl. Semen, Embryos and Embryo Transplants) (4-7)	1.9	1.9	0.0	12/31/89	Freight
Corn (White and/or yellow) (4-7)	97.0	96.3	0.7	12/31/89	
Protein Meals (4-7)	3.6	3.2	0.4	12/31/89	

* Available for sales to the Ministry of Supply.

Country/Commodity (Credit Period-- Years)	TOTAL FY 1989 Guarantees	Guarantees Approved	Balance	Final Shipment Date 1/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Morocco	121.0	121.0	0.0		
Feed Grains (4-7)	7.9	7.9	0.0	12/31/89	
Wheat (4-7)	113.1	113.1	0.0	12/31/89	
Sri Lanka	35.0	33.0	2.0		
Wheat/Wheat Flour (4-7)	35.0	33.0	2.0	12/31/89	
Tunisia	27.0	7.0	20.0		
Feed Grains (4-7)	17.0	7.0	10.0	12/31/89	
Wheat (4-7)	10.0	0.0	10.0	12/31/89	
Yemen Arab Republic	25.0*	18.1	6.9		
Mixed Poultry Feed (4-7)	1.0	0.0	1.0	12/31/89	
Protein Concentrates (Animal or vegetable Origin) (4-7)	4.0	0.0	4.0	12/31/89	
Wheat Flour (4-7)	20.0	18.1	1.9	12/31/89	
TOTAL for GSM-103	485.3	425.53	59.77		

* Available for sales to the Ministry of Economy, Supply and Trade (General Corporation for Foreign Trade and Grain)

1/ All sales must be registered by 9/30/89.

INTERMEDIATE EXPORT CREDIT GUARANTEE PROGRAM—(GSM-103)

Mr. Whitten. What guarantees have been announced so far for fiscal year 1990? Would you please provide for the record the countries, the dollar amount of the guarantees, and the commodities involved?

Mr. Dickerson. I will provide that information for the record.

[The information follows:]

CCC Guarantee Program: Payment Guarantee Commitments by Country for GSM-103

February 2, 1990

Country/Commodity (Credit Period-- Years)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 1/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of	dollars - - -			
Algeria	125.0	0.0	125.0		Freight
Breeder Livestock (Incl. Semen, Embryos and Embryo Transplants) (4-7)	2.5	0.0	2.5	12/31/90	
Feed Grains (4-7)	20.0	0.0	20.0	12/31/90	
Poultry Stock, U.S. (Breeder, Broiler and/or Layer Chicks --Incl. Hatching Eggs) (4-7)	2.5	0.0	2.5	12/31/90	
Protein Meals (4-7)	20.0	0.0	20.0	12/31/90	
Veg. Oils (4-7)	15.0	0.0	15.0	12/31/90	
Wheat (4-7)	50.0	0.0	50.0	12/31/90	
Undesignated	15.0	0.0	15.0		
Ecuador	2.0	0.0	2.0		Freight
Breeder Livestock (Incl. Semen and Embryos) (4-7)	2.0	0.0	2.0	12/31/90	
El Salvador	1.0	0.0	1.0		Freight
Breeder Livestock (Incl. Semen, Embryos and Embryo Transplants) (4-7)	1.0	0.0	1.0	12/31/90	
Jordan	65.0*	60.9	4.1		
Feed Grains (4-7)	10.0	6.3	3.7	12/31/90	
Rice (4-7)	12.7	12.7	0.0	12/31/90	
Wheat (4-7)	41.9	41.9	0.0	12/31/90	
Undesignated	0.4	0.0	0.4		
Morocco	103.0	13.8	89.2		
Feed Grains (4-7)	10.0	3.8	6.2	12/31/90	
Rice (4-7)	10.0	7.7	2.3	12/31/90	
Wheat (4-7)	83.0	2.3	80.7	12/31/90	

* Available for sales to the Ministry of Supply.

Country/Commodity (Credit Period-- Years)	TOTAL FY 1990 Guarantees	Guarantees Approved	Balance	Final Shipment Date 1/	Coverage of Add'l Costs (C&F &/or CIF)
	- - - millions of dollars - - -				
Sri Lanka	45.0	5.8	39.2		
Wheat/Wheat Flour (4-7)	45.0	5.8	39.2	12/31/90	
Tunisia	50.0	5.1	44.9		
Feed Grains (4-7)	25.0	5.1	19.9	12/31/90	
Wheat (4-7)	25.0	0.0	25.0	12/31/90	
TOTAL for GSM-103	391.0	85.6	305.4		

1/ All sales must be registered by 9/30/90.

CCC CREDIT PROGRAMS

Mr. WHITTEN. Would you please provide for the record a list of all the countries that are in arrears in their payments in connection with CCC credit, whether it be direct loans or guaranteed loans? Would you also indicate the amount they are in arrears?

[The information follows:]

COMMODITY CREDIT CORPORATION COUNTRY LISTING OF ARREARAGES AS OF DECEMBER 31, 1989

Country	Loan guarantees [1]	Direct loans [2]	Total arrears
Bangladesh	$346,963		$346,963
Brazil	0	$1,170,464	1,170,464
Chile	23,430		23,430
Dominican Republic	143,724,994		143,724,994
Egypt	63,081		63,081
Honduras	3,623,866		3,623,866
Iraq	332,937	434,063	767,000
Jamaica	602,296	213,146	815,442
Korea	12,381		12,381
Mexico	158,206		158,206
Morocco	874,300		874,300
Nigeria	128,523		128,523
Panama	470,201		470,201
Peru	295,499,910		295,499,910
Philippines	17		17
Poland	411,832,690		411,832,690
Portugal	100		100
Sudan	39,875,422		39,875,422
Thailand	12,372		12,372
Tunisia	330,854		330,854
Turkey	38,691		38,691
Yugoslavia	104,842		104,842
Zaire	1,861,283		1,861,283
Zanzibar	4,297,413		4,297,413
Total arrears	904,214,773	1,817,673	906,032,446

[1] Includes late interest charges due under the Blended Credit Program, rescheduled and to be rescheduled amounts outstanding, and claims paid under the GSM 102 and 103 programs.

[2] Direct loans under the OGSM program.

Mr. WHITTEN. How much has CCC paid out, by country, on loans that were behind schedule?

Mr. DICKERSON. CCC has paid claims totaling $2.8 billion. I will provide a table for the record listing these claims by country.

[The information follows:]

Claims paid as of December 31, 1989

Country:	*Claims paid*
Brazil	$219,054,302
Chile	137,077,763
Dominican Republic	143,595,173
Egypt	225,880,171
Honduras	3,193,359
Jamaica	88,108,479
Jordan	24,023
Mexico	384,332,364
Morocco	172,947,210
Nigeria	1,495,540
Panama	3,219,517
Peru	286,137,528
Philippines	41,429,460
Poland	1,011,718,302

Romania	34,454,845
Sudan	54,203,212
Zanzibar	4,021,509
Cumulative total	$2,810,892,758

Mr. WHITTEN. Has CCC recovered any of these funds?

Mr. DICKERSON. Yes, CCC has recovered over $371 million. I will provide a table for the record showing repayments by country.

[The information follows:]

Cumulative repayments received as of December 31, 1989

Country:	Amount received [1]
Brazil	$79,407,184
Chile	57,035,556
Dominican Republic	0
Egypt	74,650
Honduras	0
Jamaica	35,984,201
Jordan	0
Mexico	0
Morocco	38,733,641
Nigeria	1,367,018
Panama	35,150
Peru	1,246,791
Philippines	2,419,736
Poland	104,340,612
Romania	50,794,566
Sudan	0
Zanzibar	0
Cumulative totals	$371,439,105

[1] Includes amounts collected under reschedulings.

Mr. WHITTEN. How much has been written off by CCC?

Mr. DICKERSON. CCC has no authority to forgive foreign debt and has not, therefore, written off any delinquent debt associated with its foreign credit programs. In 1988, however, under the auspices of the Iran/U.S. Claims Tribunal, the United States Government reached a negotiated agreement with Iran requiring them to pay $18.6 million of their original $31.7 million P.L. 480 debt. Upon payment, Iran's account was declared paid in full by CCC.

TRAVEL

Mr. WHITTEN. Please provide for the record a list of all overseas travel by employees of the Office of the General Sales Manager that occurred during calendar year 1989, including a description of the purpose of each visit and the place visited.

Mr. DICKERSON. I will provide the information for the record.

[The information follows:]

OFFICE OF THE GENERAL SALES MANAGER
CY 1989 TRAVEL

TRAVELER/ TITLE	DATES OF TRAVEL	CITIES	PURPOSE
Melvin Sims General Sales Mgr.	1/19-1/30/89	Algiers	To serve as a member of the Agricultural Trade and Development Missions to North Africa.
William Hawkins Agrl. Mktg. Spec.	2/15-2/23/89	Caracas, Mexico City	To discuss Direct Sales of butter oil and to negotiate contracts.
Glenn D. Whiteman Deputy Asst. Admr. Export Credits	3/6-3/9/89	Kingston	To discuss Public Law 480 and GSM credit programs with new Jamaican Government.
Christopher Goldthwait Asst. General Sales Mgr., & Asst. Admr., Export Credits	4/3-4/14/89	Madrid, Algiers, Casablanca, Rabat	To attend the Attache/Counselor conference in Spain; to review and discuss outstanding issues in Algeria and Morocco, two major programing countries.
Donald W. Street Chief Negotiator Barter/CCC Sales	4/18-4/21/89	Geneva	To negotiate sale of butteroil to NESTEC LTD. (a subsidiary of NESTLES)
Patrick Lyons Agrl. Mktg. Spec. EC/Program Dev. Div.	4/24-5/11/89	Caracas, Georgetown, Paramaribo, Quito, Guayaquil	To assess P.L. 480 and GSM commercial export guarantee programs; to visit port receipt, storage and distribution facilities; to assess program commodity needs for fiscal year 1990.
Amy Brooksbank Agrl. Economist Europe and Africa Area	4/21-5/5/89	Abidjan, Kinshasa, Casablanca, Dakar Rabat	Meet with Agricultural Attaches, interested U.S. officials, and appropriate host government and industry officials concerning Title I P. L. 480 sales agreements, GSM-102 and GSM-103 credit coverage and Export Enhancement Program.

Christopher Goldthwait Asst. General Sales Mgr., & Asst. Admr., Export Credits	5/17-5/21/89	Merida	To participate in the U.S. - Compania Nacional de Subsistencias Populares--CONASUPO--consultations.
Juanita Lambert Agrl.Mktg. Spec.	5/19-5/28/89	Rome	Attend U.S. Delegation to the Twenty-Seventh Agrl. Session of the Committee on Food Aid Policies and Programs.
Mary T. Chambliss Director, Program Analysis Division	5/27-6/3/89	Rome	Attend U.S. Delegation to the Twenty-Seventh Agrl. Session of the Committee on Food Aid Policies and Programs.
Donald W. Street Chief Negotiator Barter/CCC Sales	7/1-7/8/89	Vienna	Meeting to negotiate sales of CCC owned butter to the Soviet Union.
L. T. McElvain Director CCC Operations Div.	7/1-7/8/89	Vienna	Meeting to negotiate sales of CCC owned butter to the Soviet Union.
Besa L. Kotati Frgn. Agrl. Affairs Offcr - Algeria	7/15-7/22/89	Washington, D.C.	To participate in the FY 1990 U.S.-Algeria Credit Consultations.
Christopher Goldthwait Asst. General Sales Mgr. & Asst. Admr. Export Credits	7/28-8/3/89	Brussels	To participate in the Food Aid Donor Conference regarding Poland and East Europe.
Mary Helen Askins Congressional Liaison, Office of the Secretary	8/5-8/25/89	Cairo, Dhaka, Bangkok,	Cairo--To observe and discuss P.L. 480 and Research and Development issues with country representatives; Dhaka--Food Security in P.L. 480; Bangkok-- to review progress they have made in agriculture research, biotech issues and the feed process at the Cambodian border; Philippines--to discuss P. L.480 and review government and parastatal purchasing procedures; Hong Kong --to focus on trade and development in this country.

George J. Pope Agrl. Affairs Officer - Korea	8/20-8/30/89	Washington, D.C.	To participate in FY 1990 GSM-102 Credit Foreign Consultations-Republic of Korea and attend Korean Beef Consultations.
Christopher Goldthwait Asst. General Sales Mgr. & Asst, Admr. Export Credits	9/9-9/16/89	Marrakech, Warsaw,	To participate in U. S. Wheat Associates seminar and to review U. S. food aid programs.
F. Paul Dickerson General Sales Mgr. and Associate Admr.	9/11-9/21/89	Paris,Sanaa, Luxor, Tunis,	To speak and participate in the U. S. Wheat Associates seminar. To meet with representatives of the grain trading organizations.
Glenn Whiteman Deputy Asst. Admr., for Export Credits	9/18-9/26/89	Vienna, Istanbul	Turkey--discuss travel with Government and Cereals Office officials of the enlarged GSM-102 program. Vienna--discus potential for dairy sales in Austria and Eastern Europe. Hungary--discuss GSM-102 program and inquire about possibilities of other programs.
McElvain Director, CCC Operations Div.	9/18-9/23/89	Caracas	To meet with Venezuelan official, local banks, and embassy officials to dicuss the Export Credits Guarantee Programs.
Christopher Goldthwait Asst. General Sales Mgr. & Asst. Admr., Export Credits	9/24-9/28/89	Brussels	To review food aid programs.
Duane Spomer Agricultural Marketing Service	10/16-10/20/89	Mexico City	Resolve quality issue on CCC butteroil sold to Nestles.
F. Paul Dickerson Sales Manager and Associate Admr.	11/3-11//9/89	Hong Kong,	To attend the Asian Attache/Counselors General Conference.

Michael Conlon Economist	11/5-11/18/89	Mexico City,	To review current P.L.-480 and GSM 102/103 agricultural programs. To consult with embassy personnel, host government, and private sector officials regarding food needs and utilization. To obtain necessary information for FAS/EC regarding commodity distribution, marketing, storage and port facilities.
Mehgan Harris Agricultural Economist	11/6-12/1/89	Kinshasa, Brazzaville,Nairobi, Lusada, Tunis, Cairo	To meet with appropriate contacts in Government and private sector to discuss P. L. 480 program and Export Credit Guarantee programs.
Juanita M. Lambert Agricultural Mktg. Spec.	10/26-10/28/89	Ottawa	To consult with Canadian Government regarding International Organization Affairs, especially those of the World Food Program.
David Kunkel Area Manager, Asia/ Middle East Area, Prgm Dev. Div, EC	11/4-11/22/89	Baghdad	To review GSM-102/103 program operations in Turkey.
Lawrence McElvain Doctor,CCC Operations Division	11/6-11/11/89	Baghdad	Resume Credit Consultations with Iraqi government under GSM-102, 103.
F. Paul Dickerson General Sales Mgr., and Associate Admr.	11/6-11/17/89	Baghdad, Manila	To resume credit consultations with Iraqi government on GSM-102, 103. Philippines--to discuss P. L. 480 program with government officials and possible GSM-102 program.

Juanita Lambert Agricultural Marketing Spec.	12/1-12/9/89	Rome	Attend U.S. Delegation to the Twenty-Eighth Session of the Committee on Food Aid Policies and Programs.
Christopher Goldthwait Asst. General Sales Mgr., and Asst. Admr., EC	11/15-11/18/89	Warsaw	To prepare for visit of Presidential mission.
Guy Haviland Asst. U.S. Coordinator U.S. Trade and Development Missions	11/12-11/22/89	Warsaw	To negotiate P. L. 480 agreement with Poland.
Christopher Goldthwait Asst. General Sales Mgr., and Asst. Admr., EC	11/25-12/2/89	Warsaw	To prepare for visit of Presidential Mission.
Mary Chambliss Director, Program Analysis Division	12/4-12/15/89	Rome	Attend U. S. Delegation to the Twenty-Eighth Session of the Committee on Food Aid Policies and Programs.
Christopher Goldthwait Asst. General Sales Mgr., and Asst. Admr., EC	12/13-12/17/89	Brussels, Warsaw	To accompany Secretary Yuetter in the signing of agreement in Warsaw. To attend G-24 negotiations.

TITLE I—AGREEMENTS

Mr. WHITTEN. Please provide for the record a list of all the Title I agreements that were signed during fiscal year 1989, including the country, commodity, and dollar value.

[The information follows:]

TITLE I/III—PUBLIC LAW 480 FISCAL YEAR 1989 AGREEMENTS

Date	Country	Commodity	Agreement Value		
			CLCC [1]	LC [2]	Title III [3]
31-May-89	Bangladesh III	Wheat, Cotton, Rice			80.0
15-Feb-89	Bolivia III	Wheat			17.0
21-Jun-89	Cote d'Ivoire	Rice	5.0		
24-Aug-89	Dominion Republic	Edible Vegetable Oil	20.0		
13-Oct-88	Egypt	Wheat, Wheat Flour	100.00		
20-Mar-89	Egypt	Wheat, Wheat Flour, Veg. Oil, Tallow.	70.0		
03-Nov-88	El Salvador	Wheat/Wheat Flour, Feedgrain, Veg. Oil, Tallow.	40.0		
23-Sep-88	Ghana	Rice	6.0		
25-Nov-88	Guatemala	Wheat/Wheat Flour	13.5	4.5	
22-Feb-89	Guyana	Wheat/Wheat Flour	7.0		
09-Feb-89	Honduras	Wheat/Wheat Flour	18.0		
24-Oct-88	Indonesia	Rice	15.0		
22-Sep-88	Jamacia	Wheat/Wht.Fl., Rice, Feedgrains, Wood.	32.5	7.5	
17-Oct-88	Kenya	Wheat	5.0		
20-Oct-88	Morocco	Wheat, Vegetable Oil	40.0		
22-Sep-88	Pakistan	Vegetable Oil	80.0		
03-May-88	Peru	Wheat	10.0		
11-Apr-89	Senegal	Rice	5.0		
27-Sep-88	Sierra Leone	Rice, Wheat	4.0		
30-Sep-88	Sri Lanka	Wheat	29.4	1.6	
08-Jun-89	Sudan	Wheat, Wheat Flour	30.0		
17-Sep-88	Tunisia	Wheat, Corn	22.65	2.35	
02-Feb-89	Uganda	Tallow	6.0		
29-Sep-88	Yemen	Rice	10.0		
02-May-89	Zaire	Wheat, Cotton, Rice	24.0		
10-Mar-89	Zambia	Oil, Wheat, Tallow	10.0		
Total			603.1	16.0	97.0

[1] Amounts shown are those in Agreements and Amendments signed FY 1989, and does not necessarily reflect Title I budget allocations.
[2] Financial terms of local currency programming under Section 108 authority.
[3] Title III provision provides for up to 100 percent currency use offset.

TITLE I—ALLOCATIONS

Mr. WHITTEN. Please provide for the record the current allocations, by country, under Title I for fiscal year 1990.

[The information follows:]

December 27, 1989

Revised FY 1990 Public Law 480 Titles I/III
Country and Commodity Allocations

Country	$Mil. Total	Undesig- nated	Wheat/ Flour a/	Rice	Feed Grains	Vegoil	Total Foods	Tallow	Cotton	Wood
	(Mil.)	(Mil.)(	———	———	———	1,000 Metric Tons/Bales/Boardfeet	———	———	———	)
$1,070 or less Per Capita GNP										
Bangladesh	60.0	3.0	234	17	-	-	251	-	30	-
Bolivia	20.0	-	117	-	-	-	117	-	-	-
Congo	2.0	-	-	7	-	-	7	-	-	-
Dominican Republic	20.0	5.4	-	-	-	32	32	-	-	-
Egypt	153.0	28.5	824	-	-	-	824	-	-	-
El Salvador	35.0	-	93	-	32	22	147	16	-	-
Ghana	6.0	-	-	20	-	-	20	-	-	-
Guatemala	18.0	-	104	-	-	-	104	-	-	-
Guinea	10.0	-	-	33	-	-	33	-	-	-
Guyana	4.0	-	23	-	-	-	23	-	-	-
Honduras	12.0	-	70	-	-	-	70	-	-	-
Indonesia	10.0	-	58	-	-	-	58	-	-	-
Kenya	8.0	-	46	-	-	-	46	-	-	-
Liberia	7.5	-	-	25	-	-	25	-	-	-
Madagascar	5.0	-	-	17	-	-	17	-	-	-
Morocco	35.0	-	58	-	22	45	125	-	-	-
Pakistan	80.0	-	-	-	-	156	156	-	-	-
Philippines	18.4	18.4	-	-	-	-	0	-	-	-
Senegal	5.0	-	-	17	-	-	17	-	-	-
Sierra Leone	4.0	-	6	10	-	-	16	-	-	-
Somalia	5.0	5.0	-	-	-	-	0	-	-	-
Sri Lanka	16.0	-	94	-	-	-	94	-	-	-
Sudan	20.0	-	109	-	-	-	109	-	-	-
Uganda	6.0	-	-	-	-	-	0	19	-	-
Yemen	15.0	-	-	50	-	-	50	-	-	-
Zaire	16.0	-	29	18	-	-	47	-	7	-
Zambia	7.0	-	-	-	-	8	8	10	-	-
Subtotal	597.9	60.3	1,865	214	54	263	2,396	45	37	0

Country	$Mil. Total	Undesig- nated	Wheat/ Flour a/	Rice	Feed Grains	Vegoil	Total Foods	Tallow	Cotton	Wood
	(Mil.)	(Mil.)	(------------1,000 Metric Tons/Bales/Boardfeet							------------)
Over $1,070 Per Capita GNP										
Costa Rica	15.0	5.0	58	-	-	-	58	-	-	-
Jamaica	30.0	-	58	27	103	-	188	-	-	19
Peru	10.0	-	58	-	-	-	58	-	-	-
Poland	20.0	-	-	17	-	20	37	-	12	-
Tunisia	15.0	-	88	-	-	-	88	-	-	-
Subtotal	90.0	5.0	262	44	103	20	429	0	12	19
TOTALS	687.9	65.3	2,127	258	157	283	2,825	45	49	19

Allocated	687.9
Unallocated Reserve	118.1
Total Commodity Program	806.0

a/ Wheat Flour included as grain equivalents.

ELIGIBILITY DETERMINATIONS

Mr. WHITTEN. Who determines what countries will receive the benefits of Title I and who determines what commodities they will receive? Please describe the process.

Mr. DICKERSON. The selection of countries to participate in Title I programming is a process of developing consensus among the agencies that make up the Development Coordination Committee's Food Aid Subcommittee. For each budget year the process starts with a review of currently active countries. After the level of Title I in the President's budget request is decided, the interagency group will develop an allocation table that sets out illustrative dollar levels for the Title I countries. Most of the currently participating countries will likely have a Title I allocation included for the new year. Commodity amounts within those dollar levels are determined largely by recommendations from the Department of Agriculture, based on knowledge of country needs and in some cases requests forwarded by our Embassies in the countries involved. Agreement proposals will initially reflect those budgeted commodities and values, but the commodity composition and amounts are always subject to negotiation as country needs change.

PRIVATE ENTERPRISE SUPPORT

Mr. WHITTEN. Please bring us up to date on the private enterprise support program which is also known as the local currency initiative program.

Mr. DICKERSON. In fiscal year 1989, we signed Section 108 agreements with five countries: Costa Rica, Jamaica, Sri Lanka, Tunisia and Guatemala. These agreements totaled $19.1 million. Currently we have signed fiscal year 1990 Section 108 agreements with two countries, Tunisia and Jamaica, and expect to sign shortly with two others: Costa Rica and Guatemala. We expect the total amount of the Section 108 agreements this year to reach $14.7 million.

We have progressed in terms of making the U.S. and foreign public aware of the program. We are beginning to see greater interest in the funds earmarked for technical assistance and market development under Section 108(f). In the Dominican Republic, 108(f) funds are financing ongoing studies to determine local agricultural investment projects with the potential for increasing U.S. exports. So far, these have focused on U.S. exports of wheat, soybeans and wood products. In Sri Lanka we authorized the use of 108(f) funds for the promotion of wheat-based noodles, and another proposal under consideration would use 108(f) funds to instruct local processors in the use of rendered products in the animal feed and poultry sectors. Costa Rica used 108(f) funds to sponsor meetings between U.S. and Costa Rican government and timber industry officials on the processing and use of wood in the housing industry.

However, Section 108(f) typically represents 95 percent of the program. The major part of the funds are lent to the private sector through private banks, and those loan funds are being used in a number of countries. For example, in Sri Lanka, the loan fund is being used to finance the purchase of tractors, irrigation systems and other machinery. In Jamaica, the In-Country Policy Group implemented an innovative loan auction program to determine true local market interest rates. Tunisia has made an initial loan in the amount of $2.3 million to assist in developing the local housing industry.

Mr. **Whitten**. Describe how you monitor this program to verify that production for export does not compete with U.S. exports.

Mr. **Dickerson**. Washington agencies must rely on U.S. Embassy personnel—our agricultural counselors and attaches, where we have them—to ensure that local currencies are not used to encourage competitive agricultural production. The interagency working group that supervises the program has instructed all posts that proposals to support any agricultural production for export must be submitted to Washington for review on a case-by-case basis.

TUNISIA AGREEMENT

Mr. **Whitten**. What is the status of the agreement with Tunisia? Last year you told us $1.0 million to $1.5 million would be targeted to this project.

Mr. **Dickerson**. Since fiscal year 1986, a total of about $8.2 million has been provided for private sector lending under Tunisia's program. Some $8.0 million of these funds are being used under Tunisia's Structural Adjustment Program for lending to the private sector to develop industrial and agricultural enterprises, and agricultural production for the domestic market. These new activities have created new jobs and facilitated Tunisia's economic restructuring.

The remaining five percent of these funds, or about $266,000, is being used to provide agricultural technical assistance for the development of new markets for U.S. agricultural commodities. I would like to offer a table for the record which indicates dollar amounts programmed under P.L. 480, Title I agreements with Tunisia that have been set aside annually for private sector enterprise development.

[The information follows:]

TUNISIA: PRIVATE SECTOR LENDING UNDER PUBLIC LAW 480, TITLE I AGREEMENTS

Fiscal Year	Agreement date (amendment date)	Amount set aside for private sector lending (Dollars in Millions)	Total Program (Dollars in Millions)
1986	7-11-86 (9-4-86) (1-23-87)	$1.0	$15.5
1987	6-13-87 (8-10-87)	2.0	25.0
1988	3-16-88 (5-12-88) (7-28-88)	1.3	30.0
1989	9-17-88 (5-10-89)	2.3	25.0
1990	9-28-89	1.6	15.0
	Total for 1986–1990	8.2	110.5

TITLE III

BANGLADESH

Mr. **Whitten**. During fiscal year 1989, what was the value of the Title III agreements you signed with Bangladesh?

Mr. Dickerson. We signed agreements with Bangladesh totaling $80 million for wheat, rice, and cotton.

Mr. Whitten. How will these funds be used?

Mr. Dickerson. We authorized the use of the proceeds accruing from sales of the agricultural commodities for a variety of purposes. They included: reducing the costs of Bangladesh's public food distribution system and improving its effectiveness in increasing food consumption; broadening the role of that food distribution system to include managing both producer and consumer food price fluctuations for selected commodities; encouraging increased domestic production, to ensure that food aid does not become a disincentive to Bangladesh farmers; improving rural transportation by supporting the costs of constructing necessary bridges and culverts; improving diets and incomes in rural Bangladesh by encouraging diversification of agricultural production; supporting production-oriented projects of other development organizations; and expanding employment opportunities for all Bangladeshis by efforts to raise the effective demand for locally produced commodities.

Mr. Whitten. Would you please provide for the record a history of the Bangladesh projects?

[The information follows:]

PROJECTWISE DISBURSEMENT OF TITLE III FUNDS BY BDG FISCAL YEAR
[In US$ '000]

Sl.	Name of the Project	1979-80/81	1981	1982	1983	1984	1985	1986	1987	1988	1989	TOTAL
1	Procurement & Distribution of Chemical Fertilizer	67,165	-	-	-	-	-	11,575	-	-	-	78,740
2	Deep Tubewell Irrigation (Phase III)	-	7,281	8,684	15,172	13,818	7,251	662	2,896	1,445	8,495	65,703
3	Deep Tubewell (IDA)	-	-	-	-	2,255	1,373	-	2,873	879	1,713	9,092
4	STW Irrigation (all over Bangladesh)	-	7,281	1,699	7,829	6,145	1,679	681	901	32	3,229	29,476
5	STW Irrigation (IDA)	-	-	711	409	-	-	-	-	-	-	1,120
6	Karnafuli Irrigation & Flood Control	-	-	1,517	1,017	290	-	-	-	-	-	2,824
7	Barisal Irrigation (Phase II)	-	-	529	707	298	-	-	-	-	-	1,534
8	Muhuri Irrigation Project	-	-	782	1,957	2,181	-	-	-	-	-	4,920
9	Manu River Project	-	-	2,792	3,059	370	-	-	-	-	-	6,221
10	Ashugonj Shabuj Pratalpa	-	-	66	-	-	-	-	-	-	-	66
11	IDA Low Lift Pump	-	-	693	411	183	279	-	-	-	-	1,566
12	Support to Locally Developed Small Pump & other agricultural Implements	-	-	32	-	-	-	-	-	-	-	32
13	Intensive Agricultural Program for North-West Region of Bangladesh	-	-	5,753	6,605	7,902	4,801	-	2,899	-	-	27,960
14	Supply of LLP under Canal Digging Prog. thru Voluntary Mass Perticipation	-	-	13	-	-	-	-	-	-	-	13
15	Low Lift Pump Irrigation	-	-	7,843	18,469	9,366	6,579	827	3,760	799	2,236	49,879
16	Command Area Development	-	-	3	-	-	-	-	-	-	-	3
17	Establishment of Workshop Complex in Private Sector	-	-	3	-	-	-	-	-	-	-	3
18	Foodgrain Warehouse Construction (under IDA, ADB, CIDA, & JICA)	-	-	-	367	1,122	-	-	-	-	-	1,489
19	Padma Irrigation Project	-	-	-	-	-	-	2,150	2,729	639	3,292	8,810
20	Teesta Barrage Project	-	-	-	-	-	-	6,849	12,931	3,675	15,975	39,430
21	EIP Type Small Project (IDA Aided)	-	-	-	-	-	-	800	565	144	1,887	3,396
22	EIP Type Small Project (ADB Aided)	-	-	-	-	-	-	661	799	198	1,400	3,058
23	EIP Type Small Project (IFAD Aided)	-	-	-	-	-	-	433	411	112	966	1,922
24	Construction of Fertilizer Godown under USAID Assistance	-	-	-	-	-	-	165	239	-	-	404
25	Bhola Irrigation Project	-	-	-	-	-	-	-	626	559	1,177	2,362
26	Gumti Project (Phase I)	-	-	-	-	-	-	-	709	799	1,809	3,317
27	Nagaon Polder (I)	-	-	-	-	-	-	-	547	288	717	1,552
28	North Rupgonj Water Conservancy Project	-	-	-	-	-	-	-	1,122	575	994	2,692
29	Modhumoti Nabaganga Project	-	-	-	-	-	-	-	562	240	686	1,487
30	Rehabilitation of G.K. Irrigation Proj.	-	-	-	-	-	-	-	803	256	958	2,016
31	South West Rural Dev.Proj.(BADC Comp.)	-	-	-	-	-	-	-	81	31	155	267
32	Barind Integrated Area Dev.Project	-	-	-	-	-	-	-	2,571	1,294	17,090	20,956
33	Agr. Research Program under BARI	-	-	-	-	-	-	-	1,854	479	504	2.837
34	Rice Research & Training Project	-	-	-	-	-	-	-	1,104	304	2,896	4,304
35	Second Ext. & Research Project	-	-	-	-	-	-	-	348	13	1,658	2,018
36	Jute Seed Project	-	-	-	-	-	-	-	826	-	1,822	2,649
37	Technological Research on Jute	-	-	-	-	-	-	-	259	-	616	875
38	Rural Dev.Project-3 (Infr. Old Sylhet)	-	-	-	-	-	-	-	280	-	-	280
39	Agr. Research Operational Expenses	-	-	-	-	-	-	-	3,563	-	-	3,563
40	Cons.of Bridges & Culverts under FFW	-	-	-	-	-	-	-	9,183	7,378	-	16,561

PROJECTWISE DISBURSEMENT OF TITLE III FUNDS BY BDG FISCAL YEAR
[In US$ '000]

Sl.	Name of the Project	1979-80/a	1981	1982	1983	1984	1985	1986	1987	1988	1989	TOTA
41	Hydrological Survey & Investigation for Water Resources Development	-	-	-	-	-	-	-	-	-	3,658	3,65
42	Khowai River	-	-	-	-	-	-	-	-	-	1,012	1,01
43	Kurigram flood Control & Irrigation	-	-	-	-	-	-	-	-	-	1,514	1,51
44	Tubewell project-North Bangladesh (ADB)	-	-	-	-	-	-	-	-	-	3,580	3,58
45	IDA aided EIP type small project	-	-	-	-	-	-	-	-	-	733	73
46	Dutch aided Early Impl. project (phs-3)	-	-	-	-	-	-	-	-	-	562	56
47	Barnai	-	-	-	-	-	-	-	-	-	841	84
48	Khulna Coastal Embankment Rehab.(ADB)	-	-	-	-	-	-	-	-	-	324	32
49	Someswari River flood control	-	-	-	-	-	-	-	-	-	5	
50	Prod., Proc. & distb. of potato seeds	-	-	-	-	-	-	-	-	-	1,272	1,27
51	Agro Services Center	-	-	-	-	-	-	-	-	-	1,365	1,36
52	Rural Development-7 (Infrastructure, Old-Rajshahi, Pabna & Bogra)	-	-	-	-	-	-	-	-	-	199	19
53	Strengthening facilities of BAU (AID)	-	-	-	-	-	-	-	-	-	-	
54	Re III Phase III B (USAID)	-	-	-	-	-	-	-	-	-	1,773	1,77
55	Feeder roads improv. in Grt. Mymensingh	-	-	-	-	-	-	-	-	-	1,900	1,90
56	Karnafuli bridge (Dutch)	-	-	-	-	-	-	-	-	-	4,193	4,19
57	Village sanitation phase III (UNICEF)	-	-	-	-	-	-	-	-	-	233	23
58	Bangladesh 2nd livestock (ADB)	-	-	-	-	-	-	-	-	-	932	93
59	Improved seed project (proc.,processing & distrib. component (FAO/Dutch)	-	-	-	-	-	-	-	-	-	4,367	4,36
60	Second forestry (IDA/UNDP)	-	-	-	-	-	-	-	-	-	978	97
61	Shrimp culture (IDA)	-	-	-	-	-	-	-	-	-	1,078	1,07
62	Rural electrification Phase II-A (AID)	-	-	-	-	-	-	-	-	-	866	86
63	Rural electrification Phase II (IDA)	-	-	-	-	-	-	-	-	-	1,940	1,94
64	Rural electrification Phase III-A (IDA)	-	-	-	-	-	-	-	-	-	2,334	2,33
65	Grameen Bank reconstruction	-	-	-	-	-	-	-	-	-	-	
66	1988-flood Roads rehab. package (IBRD)	-	-	-	-	-	-	-	-	-	466	46
67	EEC Flood rehabilition	-	-	-	-	-	-	-	-	-	22	2
68	2nd Small flood cont. & drainage (IDA)	-	-	-	-	-	-	-	-	-	745	74
69	IDA Long term flood rehabilitation	-	-	-	-	-	-	-	-	-	932	93
70	ADB Assisted flood rehabilitation	-	-	-	-	-	-	-	-	-	233	23
71	IBRD Road rehabilitation I	-	-	-	-	-	-	-	-	-	233	23
	TOTAL:	67,165	14,562	31,120	56,002	43,930	21,962	24,003	55,439	20,139	108,647	443,76

/a FY79 disbursement was US$ 12,153,000 and FY80 disbursement was US$ 55,012,000.

BOLIVIA

Mr. **Whitten**. How much was made available to Bolivia during fiscal year 1989 for Title III projects?

Mr. **Dickerson**. In fiscal year 1989, $17 million was made available for the Title III Food for Development Program.

Mr. **Whitten**. How will these funds be used?

Mr. **Dickerson**. The budget is divided into two general categories and 20 separate credit lines. I would like to submit that for the record.

[The information follows:]

Bolivia—Summary Budget

Financing lines for the FY 1989 Public Law 480 Title III Food for Development Program

Financing lines	*Thousands*
A. Strengthening of the private sector:	
1. Agroindustrial and artisanry credits to small and medium enterprises and export promotion	$4,540
2. Strengthening of agricultural producer organizations	2,850
3. Small farmer agricultural and livestock production and marketing credit	2,800
4. Wheat production and marketing	1,200
5. Support to research and extension systems	300
6. Private sector health and nutrition projects	200
7. Preinvestment studies	200
8. Training	900
9. Privatization and microenterprise support	−3,518
10. Community infrastructure	1,000
11. Radio learning in rural areas	0
Subtotal	10,471
B. Improvement of Bolivian Government policy institutional capabilities	
12. Policy analysis unit	500
13. Control of communicable diseases	2,075
14. Child survival	500
15. Rural development projects	900
16. Renewable natural resource planning and management	1,658
17. Institutional restructuring	200
18. Technical assistance for Bolivian Government banking reform	0
19. Program for alternative development	3,875
20. Program administration	1,820
Subtotal	11,528
Total	22,000

Mr. **Whitten**. Would you please update for the record the history of the Bolivia project?

Mr. **Dickerson**. In 1985 the interagency Working Group on food aid authorized a one year fiscal year 1986 Title III agreement for $20 million. Due to the need for subsequent P.L. 480 programs for Bolivia, the Working Group approved three amendments to the original 1986 agreement. The fiscal years 1987 and 1988 amendments were each for $20 million, while the fiscal year 1989 agreement was for $17 million.

The Bolivia Title III program has directed its funding to two broad areas: strengthening of the private sector and improvement of the Government of Bolivia's institutional capabilities and service functions. Funds to the private sector have been directed at providing better access to credit for small farmers and small rural enterprises, crop substitution programs—away from coca, improving agricultural production and marketing credit for small farmers, campesino training, and investment in infrastructure. The thrust of projects with the Bolivian Government have been towards rural health, rural development, and natural resource management.

Mr. WHITTEN. How does the Department monitor the use of Title III funds?

Mr. DICKERSON. The Government of Bolivia reports in accordance with requirements in the Title III agreement. First, they are required to provide the U.S. AID Mission with quarterly reports on disbursements of Title III funds for eligible projects. Second, annual reports have to be submitted which account for specific spending towards the benchmarks agreed upon in the agreement and in each amendment.

Our agricultural attache office in Lima, Peru, covers both Peru and Bolivia. The attache visits Bolivia twice yearly and is available to look into Title III questions we may have. Day-to-day program monitoring is covered by U.S. Agency for International Development in La Paz.

HAITI

Mr. WHITTEN. Have there been any further developments regarding a Title III program in Haiti?

Mr. DICKERSON. There is currently no P.L. 480, Title III program for Haiti. Most U.S. foreign assistance to Haiti, including Title III, was suspended by Congress in 1987 when the Haitian election process was aborted by violence. However, after some improvements in the human rights situation, Congress passed legislation in 1989 that allowed P.L. 480 fund in that country. Haiti received 57,000 MT of wheat under Title II in fiscal year 1989. This program is currently being audited by AID to determine if the Haitian government is fulfilling the terms and conditions of the agreement.

ELIGIBILITY DETERMINATIONS

Mr. WHITTEN. Who determines what countries will receive the benefits of Title III, and who determines what commodities they will receive? Please describe the process.

Mr. DICKERSON. For the countries already participating in Title III, the continuation of the program generally follows the process I outlined for Title I, with the addition of some program reviews of the development efforts the country is undertaking. New Title III country proposals originate in the field, with US AID Missions which work with their host country governments to develop programs aimed at improving agricultural policies and production, and the quality of rural life in the country.

TITLE II

Mr. WHITTEN. For fiscal year 1989, would you please provide for the record all Title II donations by country and commodity?

Mr. DICKERSON. I will provide the requested information for the record.

[The information follows:]

REPORT OF TITLE II, P L 480 OPERATIONS

SECTION 8 - GOVERNMENT-TO-GOVERNMENT
VOLUNTARY AGENCY AND WORLD FOOD PROGRAM OPERATIONS
COUNTRY AND COMMODITY SUMMARY REPORT

FISCAL YEAR 1989 THROUGH SEPTEMBER 30, 1989

(ALL QUANTITIES AND AMOUNTS IN THOUSANDS)

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
AFGHANISTAN			
WHEAT	115,850	8,863	8,863
	115,850	8,863	8,863
ANGOLA			
CORN SOYA MILK	18,162	2,594	2,632
S F SORGHUM GRITS	10,152	971	958
MILK DRIED	1,535	77	77
VEGETABLE OIL	4,438	1,672	1,639
	34,287	5,314	5,306
BANGLADESH			
VEGETABLE OIL	882	313	308
WHEAT	518,700	26,004	26,004
PEAS-DRY	1,739	192	185
	521,321	26,509	26,497
BHUTAN			
BULGUR	2,899	315	309
MILK DRIED	710	36	36
RICE MILLED	2,912	451	451
VEGETABLE OIL	1,305	437	425
WHEAT SOY BLEND	199	32	32
WHEAT SOY MILK	410	56	56
	8,435	1,327	1,309
BOLIVIA			
BEANS DRY EDIBLE	99	20	19
CORN SOYA MILK	4,972	678	693
BULGUR	43,800	4,006	3,947
CORNMEAL	12,095	1,188	1,170

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
BOLIVIA (CONTINUED)			
MILK DRIED	14,279	714	714
OATS ROLLED	9,795	1,962	1,914
VEGETABLE OIL	13,963	4,769	4,734
WHEAT	6,891	509	509
WHEAT FLOUR	121,656	11,489	11,263
	227,550	25,335	24,963
BOTSWANA			
BEANS DRY EDIBLE	2,630	456	447
CORN SOYA MILK	62,319	7,724	7,689
GRAIN SORGHUM	37,313	1,723	1,723
VEGETABLE OIL	2,363	834	817
	104,625	10,737	10,676
BRAZIL			
BEANS DRY EDIBLE	1,800	666	653
MILK DRIED	11,809	590	590
RICE MILLED	4,702	570	559
WHEAT FLOUR	17,690	1,517	1,490
	36,001	3,343	3,292
BURUNDI			
BULGUR	564	51	50
VEGETABLE OIL	596	224	220
WHEAT FLOUR	2,200	188	186
	3,360	463	456
CAMEROON REPUBLIC			
VEGETABLE OIL	1,058	305	299
	1,058	305	299
CAPE VERDE ISLANDS			
BEANS DRY EDIBLE	4,364	960	941
CORN SOYA MILK	2,292	348	339
CORN	62,172	2,871	2,871
RICE MILLED	2,851	391	384
VEGETABLE OIL	1,232	314	358
	72,911	4,884	4,893
CENTRAL AFRICAN EM			

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
CENTRAL AFRICAN EM (CONTINUED)			
CORNMEAL	9,867	856	837
VEGETABLE OIL	619	180	193
	10,486	1,036	1,030
CEYLON/SRI LANKA			
MILK DRIED	20,243	1,012	1,012
WHEAT	44,668	2,084	2,084
	64,911	3,096	3,096
CHAD			
CORN SOYA MILK	600	77	81
CORNMEAL	3,488	382	373
GRAIN SORGHUM	2,861	158	158
S F SORGHUM GRITS	11,812	1,097	1,075
MILK DRIED	1,389	69	69
VEGETABLE OIL	2,126	740	741
	22,276	2,523	2,497
CLUSA-INDIA			
VEGETABLE OIL	9,289	2,533	2,483
	9,289	2,533	2,483
COLOMBIA			
BEANS DRY EDIBLE	100	35	35
VEGETABLE OIL	172	68	66
WHEAT FLOUR	499	45	44
	771	148	145
COMORO ISLA			
CORNMEAL	3,999	327	322
RICE MILLED	198	31	30
VEGETABLE OIL	560	182	192
	4,757	540	544
CONGO/BRAZZAVILLE			
RICE MILLED	1,653	215	209
VEGETABLE OIL	132	49	48
	1,785	264	257
COSTA RICA			

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
COSTA RICA (CONTINUED)			
BEANS DRY EDIBLE	364	119	117
VEGETABLE OIL	198	76	76
WHEAT FLOUR	650	54	54
	1,212	249	247
BENIN			
CORNMEAL	4,589	341	335
GRAIN SORGHUM	1,653	96	96
RICE MILLED	1,983	277	265
VEGETABLE OIL	2,948	1,030	1,010
WHEAT	12,184	951	951
WHEAT SOY BLEND	2,099	368	361
WHEAT SOY MILK	3,148	461	436
	28,604	3,524	3,454
REP OF DJIBOUTI			
MILK DRIED	476	24	24
	476	24	24
DOMINICAN REPUBLIC			
BEANS DRY EDIBLE	4,249	1,386	1,363
BULGUR	10,031	985	967
CORNMEAL	6,381	597	583
MILK DRIED	4,635	232	232
RICE MILLED	1,857	235	230
VEGETABLE OIL	1,310	446	433
	28,463	3,881	3,808
ECUADOR			
MILK DRIED	2,287	114	114
OATS ROLLED	2,896	581	569
RICE MILLED	3,427	524	522
VEGETABLE OIL	535	190	405
WHEAT FLOUR	1,401	135	134
PEAS-DRY	904	113	125
LENTILS-DRY	300	78	76
	11,750	1,735	1,945
EGYPT			

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
EGYPT (CONTINUED)			
BULGUR	672	52	50
MILK DRIED	2,143	107	107
RICE MILLED	1,544	191	187
VEGETABLE OIL	2,048	729	715
WHEAT FLOUR	1,191	98	96
	7,598	1,177	1,155
EL SALVADOR			
BEANS DRY EDIBLE	7,960	1,649	1,623
CORN	52,008	2,324	2,324
CORNMEAL	13,687	979	963
MILK DRIED	11,399	570	570
RICE MILLED	44,400	5,413	5,366
VEGETABLE OIL	12,881	4,349	4,260
WHEAT SOY BLEND	2,500	423	414
	144,835	15,707	15,520
ETHIOPIA			
BEANS DRY EDIBLE	4,779	760	743
CORN SOYA MILK	36,405	5,581	5,676
CORN SOY BLEND	3,299	490	491
BULGUR	29,482	2,546	2,503
S F SORGHUM GRITS	2,894	261	256
MILK DRIED	14,270	713	713
VEGETABLE OIL	45,826	15,520	14,971
WHEAT	260,937	17,566	17,566
WHEAT FLOUR	10,989	941	923
LENTILS-DRY	13,376	3,033	2,974
	422,257	47,411	46,816
ETHIOPIAN REFUGEE			
CORN SOYA MILK	4,192	537	548
VEGETABLE OIL	7,045	2,251	2,313
WHEAT	109,613	6,920	6,920
WHEAT FLOUR	8,796	783	767
LENTILS-DRY	9,435	1,357	1,335
	139,081	11,848	11,883
GAMBIA			

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
GAMBIA (CONTINUED)			
CORN SOY BLEND	937	141	139
CORNMEAL	260	16	16
MILK DRIED	1,695	85	85
RICE MILLED	19,709	2,493	2,479
VEGETABLE OIL	2,396	843	841
	24,997	3,578	3,560
GAZA			
RICE MILLED	1,116	148	146
VEGETABLE OIL	595	199	204
WHEAT FLOUR	5,130	499	477
	6,841	846	827
GHANA			
BULGUR	7,894	766	752
S F SORGHUM GRITS	14,106	1,388	1,361
MILK DRIED	826	41	41
RICE MILLED	54,294	7,569	7,477
VEGETABLE OIL	11,825	4,042	3,995
WHEAT	25,532	1,730	1,730
WHEAT SOY BLEND	4,169	715	702
WHEAT SOY MILK	5,677	831	791
	124,323	17,082	16,849
GUATEMALA			
BEANS DRY EDIBLE	5,162	1,485	1,426
CORN SOYA MILK	2,286	321	326
CORN SOY BLEND	11,269	1,726	1,704
BULGUR	18,613	1,885	1,851
CORN	37,587	2,112	2,112
CORNMEAL	8,843	622	611
MILK DRIED	7,578	379	379
RICE MILLED	15,041	1,900	1,857
VEGETABLE OIL	9,800	3,460	3,276
WHEAT FLOUR	3,511	317	311
	119,690	14,207	13,853
GUINEA-BISSAU			
CORN SOYA MILK	163	13	22

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
GUINEA-BISSAU (CONTINUED)			
GRAIN SORGHUM	2,315	120	120
RICE MILLED	6,217	953	942
VEGETABLE OIL	1,228	422	414
WHEAT FLOUR	1,100	94	87
	11,023	1,602	1,585
GUINEA			
CORN	1,874	99	99
RICE MILLED	72,045	9,953	9,725
VEGETABLE OIL	198	61	59
	74,117	10,113	9,883
GUYANA			
MILK DRIED	132	7	7
	132	7	7
HAITI			
BEANS DRY EDIBLE	249	62	61
CORN SOYA MILK	5,693	722	731
CORN SOY BLEND	4,730	712	702
BULGUR	74,393	7,436	7,273
CORNMEAL	6,795	603	589
S F SORGHUM GRITS	2,297	223	219
MILK DRIED	6,440	356	356
RICE MILLED	87	14	14
VEGETABLE OIL	11,735	4,034	4,037
WHEAT FLOUR	699	63	62
WHEAT SOY BLEND	1,244	217	213
PEAS-DRY	8,221	1,129	1,100
	122,583	15,573	15,357
HONDURAS			
BEANS DRY EDIBLE	10,038	2,485	2,429
CORN SOYA MILK	5,958	723	731
CORN SOY BLEND	5,712	869	845
BULGUR	200	15	15
CORN	46,155	2,141	2,141
MILK DRIED	6,470	323	323
OATS ROLLED	199	41	39

COUNTRY AND COMMODITY		SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
HONDURAS	(CONTINUED)			
RICE MILLED		10,743	1,439	1,318
VEGETABLE OIL		8,690	2,976	2,969
WHEAT FLOUR		4,297	421	413
		98,462	11,433	11,223
INDIA				
CORN SOYA MILK		298,305	37,311	37,405
CORN SOY BLEND		192,138	29,612	28,928
BULGUR		495,030	46,153	45,462
RICE MILLED		39,678	5,092	5,006
VEGETABLE OIL		137,292	46,932	45,888
WHEAT		75,598	5,191	5,191
PEAS-DRY		19,600	2,254	2,217
		1,257,641	172,546	170,097
INDONESIA				
BULGUR		27,785	2,141	2,108
MILK DRIED		5,650	283	283
RICE MILLED		15,406	1,876	1,840
VEGETABLE OIL		264	76	75
WHEAT		114,014	8,523	8,523
WHEAT SOY BLEND		1,147	194	190
		164,266	13,093	13,020
IVORY COAST				
RICE MILLED		1,415	172	169
		1,415	172	169
JAMAICA				
BUTTER		881	44	44
CHEESE		1,764	88	88
CORN		92,599	5,168	5,168
MILK DRIED		1,669	83	83
RICE MILLED		99	14	13
VEGETABLE OIL		22	8	7
WHEAT FLOUR		4,130	423	415
		101,164	5,828	5,818
JORDAN W BANK				

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
JORDAN W BANK (CONTINUED)			
BULGUR	174	10	12
MILK DRIED	520	26	26
RICE MILLED	1,384	182	180
VEGETABLE OIL	1,194	415	405
WHEAT FLOUR	8,876	817	805
LENTILS-DRY	61	15	15
	12,209	1,465	1,443
KENYA			
BULGUR	1,640	136	134
VEGETABLE OIL	2,566	933	914
WHEAT	18,827	1,223	1,223
	23,033	2,292	2,271
LAOS			
RICE MILLED	11,143	1,727	1,672
	11,143	1,727	1,672
LEBANON			
BEANS DRY EDIBLE	998	166	163
BULGUR	7,632	674	662
MILK DRIED	3,768	188	188
RICE MILLED	8,495	985	986
VEGETABLE OIL	17,350	6,138	6,037
WHEAT FLOUR	8,054	706	691
LENTILS-DRY	18,326	3,835	3,585
	64,823	12,691	12,312
LESOTHO			
BEANS DRY EDIBLE	1,192	260	239
CORN SOYA MILK	5,783	712	710
BULGUR	6,919	606	594
CORNMEAL	27,283	1,869	1,828
MILK DRIED	4,180	209	209
VEGETABLE OIL	4,969	1,704	1,667
WHEAT FLOUR	10,146	953	935
PEAS-DRY	2,294	634	620
	62,766	6,947	6,802
LIBERIA			

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
LIBERIA (CONTINUED)			
RICE MILLED	54,454	7,373	7,228
VEGETABLE OIL	24	10	10
	54,478	7,383	7,238
MALAGASAY REPUBLIC			
CORN SOY BLEND	4,186	633	625
MILK DRIED	2,647	153	153
RICE MILLED	9,163	1,330	1,318
VEGETABLE OIL	12,879	4,815	4,727
	28,875	6,931	6,823
MALAWI			
CORN SOYA MILK	2,843	351	348
CORN SOY BLEND	1,499	249	244
CORNMEAL	4,669	378	370
WHEAT	103,072	7,002	7,002
	112,083	7,980	7,964
MALI			
CORN SOY BLEND	299	47	46
CORN	2,115	129	129
CORNMEAL	24,446	2,293	2,223
GRAIN SORGHUM	6,745	322	322
MILK DRIED	864	49	49
RICE MILLED	55,585	7,285	7,258
VEGETABLE OIL	2,898	1,116	1,147
PEAS-DRY	80	11	11
	93,032	11,252	11,185
MAURITANIA			
GRAIN SORGHUM	52,663	2,713	2,713
S F SORGHUM GRITS	3,450	318	312
MILK DRIED	566	28	28
RICE MILLED	1,123	151	144
VEGETABLE OIL	2,718	939	926
WHEAT	24,885	1,604	1,604
WHEAT SOY BLEND	784	138	135
	86,189	5,891	5,862
MAURITIUS			

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
MAURITIUS (CONTINUED)			
CORN SOYA MILK	2,151	302	304
WHEAT FLOUR	1,902	186	181
	4,053	488	485
MEXICO			
BEANS DRY EDIBLE	5,975	1,616	1,586
CORN	89,113	5,317	5,317
C SOY MASA FLOUR	798	89	88
MILK DRIED	5,649	282	282
VEGETABLE OIL	5,633	1,736	1,707
	107,168	9,040	8,980
MEXICO CMTY DVELMT			
BEANS DRY EDIBLE	3,469	652	648
	3,469	652	648
MOROCCO			
CORNMEAL	1,003	109	108
MILK DRIED	8,232	412	412
RICE MILLED	31	4	4
VEGETABLE OIL	13,216	4,742	4,682
WHEAT	254,119	16,851	16,851
WHEAT FLOUR	81,524	7,710	7,568
	358,125	29,828	29,625
MOZAMBIQUE			
BEANS DRY EDIBLE	77,892	18,698	18,353
CORN	153,712	6,917	6,917
VEGETABLE OIL	24,147	7,819	7,652
WHEAT	131,674	7,509	7,509
LENTILS-DRY	1,048	242	235
	388,473	41,185	40,666
NEPAL			
MILK DRIED	2,165	108	108
VEGETABLE OIL	132	39	38
WHEAT	2,205	121	121
WHEAT SOY BLEND	11,938	2,103	2,045
WHEAT SOY MILK	6,475	868	803

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
NEPAL (CONTINUED)			
	22,915	3,239	3,115
NIGER			
GRAIN SORGHUM	12,641	636	636
S F SORGHUM GRITS	333	29	29
MILK DRIED	789	39	39
VEGETABLE OIL	2,343	842	828
	16,106	1,546	1,532
PAKISTAN			
MILK DRIED	6,965	348	348
VEGETABLE OIL	220	77	75
WHEAT	922,805	57,892	57,892
	929,990	58,317	58,315
PANAMA			
CORN	772	54	54
RICE MILLED	881	107	105
	1,653	161	159
PERU			
CORN SOYA MILK	4,048	566	577
CORN SOY BLEND	15,803	2,464	2,409
BULGUR	18,265	1,566	1,539
CORNMEAL	1,891	135	133
C SOY MASA FLOUR	9,931	1,042	1,007
MILK DRIED	6,947	447	447
RICE MILLED	11,217	1,495	1,473
VEGETABLE OIL	11,383	4,191	4,117
WHEAT	32,146	1,660	1,660
WHEAT FLOUR	87,496	8,225	8,074
PEAS-DRY	564	80	78
LENTILS-DRY	1,138	283	277
	202,829	22,154	21,791
PHILIPPINES			
CORN SOYA MILK	38,022	4,708	4,696
CORN SOY BLEND	23,260	3,580	3,486
BULGUR	54,885	5,431	5,325

COUNTRY AND COMMODITY		SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
PHILIPPINES	(CONTINUED)			
MILK DRIED		48,930	2,447	2,447
OATS ROLLED		1,100	192	188
RICE MILLED		121,805	16,586	16,329
VEGETABLE OIL		79	29	28
WHEAT		536,375	29,008	29,008
WHEAT FLOUR		25,687	2,372	2,329
PEAS-DRY		5,084	670	659
		855,227	65,023	64,495
RWANDA				
CORN SOY BLEND		173	26	26
CORNMEAL		3,254	256	244
MILK DRIED		1,080	54	54
VEGETABLE OIL		1,488	519	548
WHEAT FLOUR		1,782	168	165
		7,777	1,023	1,037
SAO TOME				
BEANS DRY EDIBLE		297	97	95
CORNMEAL		7,674	604	595
MILK DRIED		123	6	6
RICE MILLED		2,701	329	321
VEGETABLE OIL		879	300	315
WHEAT FLOUR		757	64	63
		12,431	1,400	1,395
SENEGAL				
CORN SOYA MILK		5,828	748	777
CORNMEAL		20,437	1,335	1,311
GRAIN SORGHUM		20,500	849	849
MILK DRIED		218	11	11
RICE MILLED		2,738	362	356
VEGETABLE OIL		3,103	1,025	1,006
		52,824	4,330	4,310
SEYCHELLES				
CORN SOY BLEND		90	14	14
MILK DRIED		239	13	13
RICE MILLED		881	115	114

COUNTRY AND COMMODITY		SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
SEYCHELLES	(CONTINUED)			
VEGETABLE OIL		169	58	58
		1,379	200	199
SIERRA LEONE				
BULGUR		6,140	552	537
CORNMEAL		1,273	111	109
MILK DRIED		1,940	109	109
RICE MILLED		1,103	138	135
VEGETABLE OIL		5,136	1,794	1,691
		15,592	2,704	2,581
SOMALIA REPUBLIC				
CORN SOYA MILK		25,679	3,267	3,174
CORN		20,451	887	887
MILK DRIED		2,206	110	110
RICE MILLED		10,585	1,419	1,420
VEGETABLE OIL		38,420	11,272	11,012
WHEAT		34,985	2,405	2,405
WHEAT FLOUR		48,325	4,116	4,039
		180,651	23,476	23,047
ST. LUCIA				
MILK DRIED		173	9	9
		173	9	9
SUDAN				
CORN SOYA MILK		2,296	317	323
CORN SOY BLEND		3,998	614	602
GRAIN SORGHUM		55,115	3,705	3,705
MILK DRIED		2,183	109	109
VEGETABLE OIL		14,727	5,234	5,127
WHEAT		43,732	3,034	3,034
WHEAT FLOUR		2,099	191	187
LENTILS-DRY		5,996	1,332	1,302
		130,146	14,536	14,389
SWAZILAND				
BEANS DRY EDIBLE		549	95	93
CORN SOYA MILK		3,523	405	396

COUNTRY AND COMMODITY		SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
SWAZILAND	(CONTINUED)			
MILK DRIED		2,800	140	140
VEGETABLE OIL		805	235	231
		7,677	875	860
TANZANIA				
BULGUR		1,317	112	110
CORN		5,514	204	204
MILK DRIED		2,707	135	135
RICE MILLED		11,022	1,545	1,515
VEGETABLE OIL		1,355	630	596
WHEAT FLOUR		21,998	2,136	2,097
		43,913	4,762	4,657
THAILAND				
VEGETABLE OIL		5,291	1,870	1,837
		5,291	1,870	1,837
TOGO				
BEANS DRY EDIBLE		98	25	25
BULGUR		11,935	1,106	1,080
CORN		2,733	134	134
CORNMEAL		10,263	927	909
RICE MILLED		2,409	342	337
VEGETABLE OIL		5,696	1,984	1,951
WHEAT		15,297	1,068	1,068
WHEAT SOY BLEND		5,180	887	868
WHEAT SOY MILK		4,352	632	595
PEAS-DRY		197	27	27
		58,160	7,132	6,994
TUNISIA				
CORN SOYA MILK		894	127	119
BULGUR		400	32	31
VEGETABLE OIL		822	284	280
WHEAT FLOUR		5,491	464	455
LENTILS-DRY		2,700	397	382
		10,307	1,304	1,267
UGANDA				

COUNTRY AND COMMODITY	SHIPPED QUANTITY (POUNDS)	CCC INVOICE VALUE	EXPORT VALUE
UGANDA (CONTINUED)			
CORN SOYA MILK	599	81	82
CORN SOY BLEND	696	116	114
MILK DRIED	1,543	77	77
VEGETABLE OIL	7,716	2,154	2,168
WHEAT	2,753	158	158
	13,307	2,586	2,599
BURKINA FASO			
BEANS DRY EDIBLE	4,880	1,687	1,615
CORNMEAL	54,444	4,187	4,121
MILK DRIED	6,417	329	329
VEGETABLE OIL	6,987	2,378	2,353
WHEAT	15,334	974	974
WHEAT FLOUR	400	35	35
	88,462	9,590	9,427
YEMEN(SAN'A)			
VEGETABLE OIL	1,334	447	434
WHEAT FLOUR	12,139	1,051	1,032
	13,473	1,498	1,466
ZAIRE REPUBLIC			
CORN	5,049	250	250
MILK DRIED	2,859	143	143
RICE MILLED	25,498	2,170	2,160
	33,406	2,563	2,553
ZAMBIA			
VEGETABLE OIL	22,061	4,748	4,659
	22,061	4,748	4,659
	8,266,272	829,653	820,375

Mr. Whitten. For the fiscal year 1989 Title II program, what was the cost of internal transportation and what are your estimates for fiscal year 1990 and fiscal year 1991?

Mr. Dickerson. The cost of internal transportation under the Title II program for fiscal year 1989 was $11 million. For fiscal year 1990 our internal transportation cost is currently estimated at $34 million. However, this could go higher depending upon situations, particularly in Africa. There are no outyear projections for internal transportation because the authorization is only for emergency activities and approvals are on a case-by-case basis.

Mr. Whitten. What is your current estimate for external transportation?

Mr. Dickerson. Our current estimate for external transportation is $50 million.

ELIGIBILITY DETERMINATIONS

Mr. Whitten. Who determines what countries will receive the benefits of Title II, and who determines what commodities they will receive? Please describe the process.

Mr. Dickerson. The Food Aid Subcommittee of the Development Coordination Committee—DCC—composed of State, AID, USDA, OMB, and Treasury approve all country programs, commodity type and tonnages. Prior to approval, the DCC is presented with program recommendations which have been developed by program specialists in the respective U.S. country mission as well as commodity availability, Bellmon determination requirements, and Usual Marketing Requirements by the U.S. Department of Agriculture.

TITLE II—SCHOOL LUNCH

Mr. Whitten. How many children participated worldwide in the Title II school lunch program, and what is a typical meal that is provided under this program?

Mr. Dickerson. School feeding programs included 11 million participants in fiscal eyar 1989. A typical meal is cooked and composed of soy fortified and processed grains and vegetable oil.

Mr. Whitten. What was the largest Title II program during fiscal year 1989 and why?

Mr. Dickerson. During fiscal year 1989, the largest Title II program was with India for 284,908 metric tons. Traditionally, India has been the largest recipient of Title II food assistance. Despite India's strides in the areas of agriculture, science and technology and general economic self-sufficiency, it still must deal with its massive poverty. In terms of agriculture, India has witnessed a green revolution, but the results have not filtered down to the majority of India's poor. Our Title II program is targeted to the alleviation of poverty and chronic malnutrition. Through private voluntary organizations, food aid is channeled primarily to pregnant and lactating mothers, infants and pre-school children in the poorest rural and tribal areas.

Mr. Whitten. What was the smallest program?

Mr. Dickerson. During fiscal year 1989, the smallest Title II program was with Burundi for 85 metric tons.

SECTION 416 (B)

Mr. WHITTEN. During fiscal year 1989, 1.0 million tons of commodities were approved for donation under Section 416(b). What countries received what commodities?

Mr. DICKERSON. During fiscal year 1989, 1 million tons of commodities were approved for donation under Section 416(b). Due to the distribution and import permit problems, only 875,525 metric tons of that total were shipped in fiscal year 1989. I will provide for the record a table showing data by country and commodity.

[The information follows:]

TABLE II

FINAL-REVISION-I

SECTION 416(b) FOREIGN DONATION COMMITMENTS
ACTION SUMMARY BY COUNTRY, SPONSOR, AND COMMODITY
FISCAL YEAR 1989 (OCTOBER 1,1988 - SEPTEMBER 30,1989)
(ACTUAL METRIC TONS)

14-Feb-90

NO.	DESTINATION	SPONSOR	BUTTER	CORN	SORGHUM	TOTAL QUANTITY	FARM BILL PROV. SALES (METRIC TONS)
I. AGREEMENTS SIGNED							
REGULAR 416							
9613	ECUADOR USDA 3-24-89 AID 3-15-89 SPONSOR 3-15-89	GOE	0.0	0.0	30,000.0	30,000.0	30,000.0
9613-A	ECUADOR USDA 10-26-89 AID 10-20-89 SPONSOR 10-19-89	GOE	0.0	0.0	(30,000.0)	(30,000.0)	(30,000.0)
		SUB-TOTAL	0.0	0.0	0.0	0.0	0.0
9614	INDIA USDA 5-4-89 AID 4-27-89 SPONSOR 5-2-89	GOI	0.0	200,000.0	0.0	200,000.0	200,000.0
		SUB-TOTAL	0.0	200,000.0	0.0	200,000.0	200,000.0
9616	JORDAN USDA 5-1-89 AID 4-25-89 SPONSOR 4-27-89	GOJ	0.0	0.0	236,000.0	236,000.0	236,000.0
9616-A	JORDAN USDA 10-26-89 AID 10-20-89 SPONSOR 10-16-89	GOJ	0.0	0.0	(100,000.0)	(100,000.0)	(100,000.0)
		SUB-TOTAL	0.0	0.0	136,000.0	136,000.0	136,000.0
9901	MALAWI USDA 5-5-89 AID 5-4-89 SPONSOR 4-24-89	WFP	0.0	30,000.0	0.0	30,000.0	0.00
9901-A	MALAWI USDA 6-23-89 AID 6-21-89 SPONSOR 6-21-89	WFP	0.0	5,000.0	0.0	5,000.0	0.0
9615	MALAWI USDA 6-15-89 AID 6-4-89 SPONSOR 6-12-89	GOM	0.0	10,000.0	0.0	10,000.0	0.00
		SUB-TOTAL	0.0	45,000.0	0.0	45,000.0	0.0
9903	MEXICO USDA 5-22-89 AID 5-9-89 SPONSOR 5-16-89	BIF	0.0	0.0	88,000.0	88,000.0	0.0
9904	MEXICO USDA 6-19-89 AID 5-9-89	CARE	0.0	0.0	45,000.0	45,000.0	45,000.0

TABLE II

FINAL-REVISION-I

SECTION 416(b) FOREIGN DONATION COMMITMENTS
ACTION SUMMARY BY COUNTRY, SPONSOR, AND COMMODITY
FISCAL YEAR 1989 (OCTOBER 1,1988 - SEPTEMBER 30,1989)
(ACTUAL METRIC TONS)

14-Feb-90

NO.	DESTINATION	SPONSOR	BUTTER	CORN	SORGHUM	TOTAL QUANTITY	FARM BILL PROV. SALES (METRIC TONS)
	SPONSOR 5-15-89						
9905	MEXICO USDA 5-10-89 AID 5-9-89 SPONSOR 5-11-89	SHARE	0.0	0.0	53,000.0	53,000.0	53,000.0
9906	MEXICO USDA 5-10-89 AID 5-9-89 SPONSOR 5-9-89	IPHD	0.0	0.0	55,000.0	55,000.0	55,000.0
9906-A	MEXICO USDA 2-1-90 AID 1-25-90 SPONSOR 1-15-90	IPHD	0.0	0.0	(13,285.0)	(13,285.0)	(13,285.0)
9907	MEXICO USDA 5-10-89 AID 5-9-89 SPONSOR 5-9-89	CDA	0.0	0.0	11,000.0	11,000.0	11,000.0
9907-A	MEXICO USDA 7-6-89 AID 6-22-89 SPONSOR 6-29-89	CDA	0.0	0.0	0.0	0.0	0.0
		SUB-TOTAL	0.0	0.0	228,715.0	228,715.0	150,715.0
9902	MOZAMBIQUE USDA 6-8-89 AID 6-8-89 SPONSOR 6-2-89	WFP	0.0	27,150.0	0.0	27,150.0	0.0
9612	MOZAMBIQUE USDA 6-15-89 AID 6-12-89 SPONSOR 6-9-89	GOM	0.0	100,000.0	2,500.0	102,500.0	102,500.0
9618	MOZAMBIQUE USDA 5-30-89 AID 5-25-89 SPONSOR 5-25-89	GOM	0.0	20,000.0	0.0	20,000.0	0.0
		SUB-TOTAL	0.0	147,150.0	2,500.0	149,650.0	102,500.0
9617	POLAND USDA 7-27-89 AID 7-17-89 SPONSOR 7-17-89	GOP	4,500.0	0.0	11,500.0	16,000.0	16,000.0
		SUB-TOTAL	4,500.0	0.0	11,500.0	16,000.0	16,000.0
9611	TUNISIA USDA 11-4-88 AID 11-16-88 SPONSOR 11-16-88	GOT	0.0	0.0	60,606.0	60,606.0	58,606.0
9611-A	TUNISIA USDA 7-27-89 AID 2-24-89 SPONSOR 7-20-89	GOT	0.0	0.0	0.0	0.0	0.0

TABLE II

FINAL-REVISION-I

SECTION 416(b) FOREIGN DONATION COMMITMENTS
ACTION SUMMARY BY COUNTRY, SPONSOR, AND COMMODITY
FISCAL YEAR 1969 (OCTOBER 1,1988 - SEPTEMBER 30,1989)
(ACTUAL METRIC TONS)

14-Feb-90

NO.	DESTINATION	SPONSOR	BUTTER	CORN	SORGHUM	TOTAL QUANTITY	FARM BILL PROV. SALES (METRIC TONS)
		SUB-TOTAL	0.0	0.0	60,606.0	60,606.0	58,606.0
	REG.416 SUB-TOTAL		4,500.0	392,150.0	449,321.0	845,971.0	663,821.0
FOOD FOR PROGRESS							
			0.0	0.0	0.0	0.0	0.0
		SUB-TOTAL	0.0	0.0	0.0	0.0	0.0
	FOOD FOR PROGRESS SUB-TOTAL		0.0	0.0	0.0	0.0	0.0
WORLD FOOD PROGRAM							
	ETHIOPIA		0.0	0.0	10,000.0	10,000.0	0.0
	MOZAMBIQUE		0.0	7,850.0	0.0	7,850.0	0.0
	SENEGAL		0.0	0.0	2,927.0	2,927.0	0.0
	SOMALIA		0.0	0.0	8,777.0	8,777.0	0.0
	WORLD FOOD PROG. SUB-TOTAL		0.0	7,850.0	21,704.0	29,554.0	0.0
REG.416 SUB-TOTAL			4,500.0	392,150.0	449,321.0	845,971.0	663,821.0
FOOD FOR PROGRESS SUB-TOTAL			0.0	0.0	0.0	0.0	0.0
WORLD FOOD PROGRAM SUB-TOTAL			0.0	7,850.0	21,704.0	29,554.0	0.0
TOTAL REG., FOOD FOR PROS.AND WORLD FOOD PROGRAM			4500.0	400,000.0	471,025.0	875,525.0	663,821.0
		($000) a/	6,300.0	48,000.0	51,812.8	106,112.8	

Mr. WHITTEN. What countries will be receiving these commodities under the fiscal year 1990 program and in what amounts?

Mr. DICKERSON. For fiscal year 1990, the Secretary of Agriculture determined that 1 million metric tons each of corn and sorghum and 34,000 metric tons of frozen salted butter are available for Section 416(b) programming. We will provide for the record a table that reflects current fiscal year 1990 commitments under Section 416(b) by country and commodity. We are currently reviewing several proposals for the remaining corn, sorghum, and butter.

[The information follows:]

TABLE II

SECTION 416(b) FOREIGN DONATION COMMITMENTS
ACTION SUMMARY BY COUNTRY, SPONSOR, AND COMMODITY
FISCAL YEAR 1990 (OCTOBER 1,1989 - SEPTEMBER 30,1990)
(ACTUAL METRIC TONS)

20-Mar-90

NO.	DESTINATION	SPONSOR	BUTTER	CORN	SORGHUM	TOTAL QUANTITY	FARM BILL PROV. SALES (METRIC TONS)
I. AGREEMENTS SIGNED							
REGULAR 416							
0620	ECUADOR USDA 10-26-89 AID 10-20-89 SPONSOR 10-19-89	GOE	0.0	0.0	30,000.0	30,000.0	30,000.0
		SUB-TOTAL	0.0	0.0	30,000.0	30,000.0	30,000.0
0625	HONDURAS USDA 3-9-90 AID 3-8-90 SPONSOR 3-8-90	GOH	0.0	13,700.0	0.0	13,700.0	13,700.0
		SUB-TOTAL	0.0	13,700.0	0.0	13,700.0	13,700.0
0619	JORDAN USDA 10-26-89 AID 10-20-89 SPONSOR 10-16-89	GOJ	0.0	0.0	100,000.0	100,000.0	100,000.0
		SUB-TOTAL	0.0	0.0	100,000.0	100,000.0	100,000.0
0001	MEXICO USDA 1-17-90 AID 12-1-89 SPONSOR 2-20-90	CARE	0.0	0.0	45,000.0	45,000.0	45,000.0
		SUB-TOTAL	0.0	0.0	45,000.0	45,000.0	45,000.0
0621	POLAND* USDA 11-20-89 AID 11-17-89 SPONSOR 2-2-89	GOP	10,000.0	230,000.0	0.0	240,000.0	240,000.0
0621-A	POLAND USDA 3-9-90 SPONSOR 3-8-90	GOP	(10,000.0)	173,225.0	0.0	163,225.0	163,225.0
		SUB-TOTAL	0.0	403,225.0	0.0	403,225.0	403,225.0
0626	ROMANIA USDA 3-13-90 AID 3-13-90 SPONSOR 3-13-90	GOR	7,500.0	315,000.0	0.0	322,500.0	322,500.0
		SUB-TOTAL	7,500.0	315,000.0	0.0	322,500.0	322,500.0
0622	TUNISIA USDA 2-1-90 AID 2-2-90 SPONSOR 2-2-90	GOT	0.0	35,000.0	70,000.0	105,000.0	105,000.0
		SUB-TOTAL	0.0	35,000.0	70,000.0	105,000.0	105,000.0

TABLE II

SECTION 416(b) FOREIGN DONATION COMMITMENTS
ACTION SUMMARY BY COUNTRY, SPONSOR, AND COMMODITY
FISCAL YEAR 1990 (OCTOBER 1,1989 - SEPTEMBER 30,1990)
(ACTUAL METRIC TONS)

20-Mar-90

NO.	DESTINATION	SPONSOR	BUTTER	CORN	SORGHUM	TOTAL QUANTITY	FARM BILL PROV. SALES (METRIC TONS)
	REG.416 SUB-TOTAL		7,500.0	766,925.0	245,000.0	1,019,425.0	1,019,425.0
FOOD FOR PROGRESS							
			0.0	0.0	0.0	0.0	0.0
		SUB-TOTAL	0.0	0.0	0.0	0.0	0.0
	FOOD FOR PROGRESS SUB-TOTAL		0.0	0.0	0.0	0.0	0.0
WORLD FOOD PROGRAM							
	BENIN		0.0	0.0	650.0	650.0	0.0
	BURKINA FASO		0.0	0.0	881.0	881.0	0.0
	MAURITANIA		0.0	0.0	3,000.0	3,000.0	0.0
	MEXICO		0.0	0.0	18,600.0	18,600.0	0.0
	NIGER		0.0	0.0	4,455.0	4,455.0	0.0
	SENEGAL		0.0	0.0	4,618.0	4,618.0	0.0
	WORLD FOOD PROG. SUB-TOTAL		0.0	0.0	32,204.0	32,204.0	0.0
REG.416 SUB-TOTAL			7,500.0	766,925.0	245,000.0	1,019,425.0	1,019,425.0
FOOD FOR PROGRESS SUB-TOTAL			0.0	0.0	0.0	0.0	0.0
WORLD FOOD PROGRAM SUB-TOTAL			0.0	0.0	32,204.0	32,204.0	0.0
TOTAL REG., FOOD FOR PROG. AND WORLD FOOD PROGRAM			7,500.0	766,925.0	277,204.0	1,051,629.0	1,019,425.0
		($000) a/	12,750.0	68,256.3	23,562.3	104,568.7	

TABLE III

SECTION 416(b) FOREIGN DONATION COMMITMENTS
FISCAL YEAR 1990 (BEGINNING OCTOBER 1, 1989 - SEPTEMBER 30, 1990)
(THOUSANDS OF DOLLARS)

20-Mar-90

NO.	DESTINATION	SPONSOR	BUTTER	CORN	SORGHUM	VALUE	SALES b/
I. AGREEMENTS SIGNED							
REGULAR 416							
0620	ECUADOR	GOE	0.0	0.0	2,550.0	2,550.0	2,550.0
0625	HONDURAS	GOH	0.0	1,219.3	0.0	1,219.3	1,219.3
0619	JORDAN	GOJ	0.0	0.0	8,500.0	8,500.0	8,500.0
0001	MEXICO	CARE	0.0	0.0	3,825.0	3,825.0	3825.0
0621	POLAND	GOP	17,000.0	20,470.0	0.0	37,470.0	37,470.0
0621A	POLAND	GOP	(17,000.0)	15,417.0	0.0	(1,583.0)	(1,583.0)
0626	ROMANIA	GOR	12,750.0	28,035.0	0.0	40,785.0	40,785.0
0622	TUNISIA	GOT	0.0	3,115.0	5,950.0	9,065.0	9,065.0
	REG.416 SUB-TOTAL		12,750.0	68,256.3	20,825.0	101,831.3	101,831.3
FOOD FOR PROGRESS							
			0.0	0.0	0.0	0.0	0.0
		SUB-TOTAL	0.0	0.0	0.0	0.0	0.0
	FOOD FOR PROGRESS SUB-TOTAL		0.0	0.0	0.0	0.0	0.0
WORLD FOOD PROGRAM a/							
	BENIN		0.0	0.0	55.3	55.3	0.0
	BURKINA FASO		0.0	0.0	74.9	74.9	0.0
	MAURITANIA		0.0	0.0	255.0	255.0	0.0
	MEXICO		0.0	0.0	1,581.0	1,581.0	0.0
	NIGER		0.0	0.0	378.7	378.7	0.0
	SENEGAL		0.0	0.0	392.5	392.5	0.0
	WORLD FOOD PROGRAM a/ SUB-TOTAL		0.0	0.0	2,737.3	2,737.3	0.0
REG.416 SUB-TOTAL			12,750.0	68,256.3	20,825.0	101,831.3	101,831.3
FOOD FOR PROGRESS SUB-TOTAL			0.0	0.0	0.0	0.0	0.0
WORLD FOOD PROGRAM a/ SUB-TOTAL			0.0	0.0	2,737.3	2,737.3	0.0
TOTAL REG.,FOOD FOR PROG. AND WORLD FOOD PROG.			12,750.0	68,256.3	23,562.3	104,568.7	101,831.3

b/ DOES NOT INCLUDE VOLUNTARY FEES

FAS/EC/PAD: J.JACKSON: J.LAMBERT 382-9260

MONETIZED PROGRAMS

Mr. WHITTEN. What amount was monetized, by country, and for what purpose?

Mr. DICKERSON. We I will provide for the record a table that reflects all fiscal year 1990 monetized programs by country and the purpose of the sales.

[The information follows:]

FISCAL YEAR 1990 MONETIZED SECTION 416(B) COMMITMENTS

Country	(Metric Tons)	(Metric Tons)	Use of Generated Currencies
Ecuador	0	30,000	Expand the scope of macroeconomic and agricultural policy reforms supportive of a free market. To promote increased agricultural production and productivity among the rural poor.
Jordan	0	100,000	To fund inland transportation and handling costs, docking, unloading, storage and distribution costs.
Mexico	0	45,000	To fund transportation costs and purchase of local commodities to balance the ration provided to rural poor.
Poland	230,000	0	Development of Polish agriculture
Tunisia	35,000	70,000	Employment generation activities for poor farmers affected by the drought which includes well and cistern construction. Also to purchase needed farm materials.
Total	265,000	245,000	

SECTION 416(B)

Mr. WHITTEN. Please list the total amount of section 416(b) commodities donated, by fiscal year, since the inception of the program.

Mr. DICKERSON. I will provide that information for the record.

[The information follows:]

Section 416(b) Commodities Donated by Fiscal Year, Since Inception of the Program.

	METRIC TONS													
	NONFAT DRY MILK	BUTTEROIL	BUTTER	CHEESE	UHT	WHEAT	FLOUR	BULGUR	SORGHUM	RICE	CORN	CORNMEAL	SOYBEANS	TOTAL
FY 83	70,521	12,752	960	5,305	0	0	0	0	0	0	0	0	0	89,538
FY 84	106,159	14,664	35,671	14,717	0	0	0	0	0	0	0	0	0	171,211
FY 85	94,831	24,042	1,783	22,812	3,295	0	0	0	0	0	0	0	0	146,763
FY 86	76,259	15,598	1,600	15,055	0	137,621	7,485	19,846	0	60,609	0	1,023	0	335,696
FY 87	78,414	18,040	3,175	14,898	2,000	962,745	14,513	880	0	50,978	268,075	0	11,679	1,425,397
FY 88	0	0	0	0	0	899,653	0	0	185,456	0	685,285	0	25,000	1,795,394
FY 89	0	0	4,500	0	0	0	0	0	471,025	0	400,000	0	0	875,525
FY 90	0	0	10,000	0	0	0	0	0	233,204	0	265,000	0	0	508,204
TOTAL	426,184	85,096	57,689	73,507	5,295	2,000,019	21,998	20,726	889,685	111,587	1,618,360	1,023	36,679	5,347,720

ELIGIBILITY DETERMINATIONS

Mr. WHITTEN. Who determines what countries will receive the benefits of section 416(b), and who determines what commodities they will receive? Please describe the process.

Mr. DICKERSON. A country is determined to be eligible for section 416(b) if it has identifiable needs that meet the criteria of section 416(b) of the Agricultural Act of 1949, as amended. Priority consideration is given to those countries most seriously affected by food shortages and by inability to meet immediate food requirements on a normal commercial basis. Food provided must benefit the needy people. The requesting country and/or the private voluntary organization generally submits a request to Agency for International Development in Washington, through the U.S. Government country mission. Program proposals are submitted to the Development Coordination Committee for review and approval.

BARTER

Mr. WHITTEN. Has the Department been involved in any barter discussions during fiscal year 1989 or to date during fiscal year 1990?

Mr. DICKERSON. The Department curtailed its efforts on barter arrangements when grain inventories were dramatically reduced by the 1988 drought. Although the Department has the legal authority to pursue barter opportunities under the Commodity Credit Corporation Charter Act, the drought related reduction of CCC-owned inventories and the demand on those reduced stocks by other USDA export and domestic programs have precluded any recent barter attempts by the Department. Furthermore, the list of strategic materials to be acquired by the National Defense Stockpile has been extremely limited for the last several years. CCC's barter authority is confined to acquisition of strategic stockpile materials.

SUNFLOWER OIL ASSISTANCE PROGRAM

Mr. WHITTEN. What has been done in fiscal years 1988 and 1989 with respect to carrying out the Sunflower Oil Assistance Program.

Mr. DICKERSON. The Sunflowerseed Oil Assistance Program—SOAP—was announced on September 29, 1988. No bonus awards were made in fiscal year 1988. In fiscal year 1989, the SOAP supported the export of 54,300 metric tons of sunflowerseed oil to Egypt. In supplying the bonus sunflowerseed oil for these sales, USDA spent $8,150,975 of the $10 million mandated in fiscal years 1988 and 1989.

Mr. WHITTEN. What has been done during fiscal year 1990 for this program?

Mr. DICKERSON. A sale of 6,000 metric tons has been awarded in fiscal year 1990 under the SOAP to Algeria. USDA has not purchased the bonus sunflowerseed oil for this agreement as yet, so no funds have been spent under SOAP for fiscal year 1990. Algeria currently has an additional allocation of 14,000 metric tons under the SOAP. Egypt has been targeted under the SOAP and has a current allocation of 25,700 metric tons of sunflowerseed oil. No sales to date have been made to Egypt under the SOAP in fiscal year 1990.

COTTONSEED OIL ASSISTANCE PROGRAM

Mr. **Whitten**. What has been done during fiscal year 1989 and so far during fiscal year 1990 to carry out the Cottonseed Oil Assistance Program?

Mr. **Dickerson**. The Cottonseed Oil Assistance Program—COAP—was announced on April 28, 1989 for 20,000 metric tons of cottonseed oil to Egypt. No sales have been approved under the COAP in fiscal year 1989 or to date in fiscal year 1990. Although 138 offers have been received from U.S. exporters, none of the offers has been acceptable on the basis of the price and bonus review. This lack of acceptable offers has been a consequence of sales of cottonseed oil by South American exporters at price levels below comparable offers from the European Community. The USDA is currently reviewing possible options to revise the structure of the COAP to facilitate sales by U.S. exporters.

Competitive Sales Program

Mr. **Whitten**. On page 2 of your statement, you say that the Food Security Act of 1985 authorized programs necessary to U.S. agriculture to be competitive in the world marketplace. What programs were authorized for which you would not have had authority under the Charter of the Commodity Credit Corporation? We ask this question since the Export Enhancement Program was started prior to the passage of the 1985 Act according to the Department.

Mr. **Dickerson**. Mr. Chairman, your point is well founded. The Charter of the Commodity Credit Corporation provides broad authority to carry out domestic and foreign agricultural programs. USDA export programs such as the Export Enhancement Program, export credit guarantee programs, Targeted Export Assistance Program and CCC direct sales programs are authorized by the Commodity Credit Corporation Charter. Food aid assistance could likely be authorized by the CCC Charter, but perhaps not to the same degree as long-term concessional terms as authorized under Public Law 480. The Food Security Act of 1985 built upon the foundation of CCC Charter authorities and directed the focus of national agricultural policies toward once again becoming competitive in international markets.

Title II—Donations

Mr. **Whitten**. In connection with Title II-Donations on page 7 of your statement, you say that the four largest recipients of emergency food aid in fiscal year 1989 were Sudan, Afghanistan, Ethiopia, and Lebanon. What are the current program levels for fiscal year 1990 for these four countries?

Mr. **Dickerson**. For fiscal year 1990, the current Title II emergency program levels in metric tons are: for Sudan, 15,000; for Ethiopia, 165,201; and for Lebanon, 22,680. To date, there has been no Title II emergency programming for Afghanistan. However, 82,040 metric tons of emergency food aid has so far been given to the World Food Program for distribution in Afghanistan or to

Afghan refugees in Pakistan. In addition, regular Title II programming amounts for fiscal year 1990 currently are: Sudan, 2,267 metric tons; and Ethiopia, 33,993. There is, at present, no regular Title II programming for Afghanistan or Lebanon. The current Title II totals including both emergency and regular programming are, in metric tons: Sudan, 17,267; Afghanistan, 0, but World Food Program for Afghanistan and Afghan refugees in Pakistan, 82,040; Ethiopia, 199,194; and Lebanon, 22,680.

Mr. WHITTEN. According to the press, food aid shipments to the Afghanistan guerrillas have been temporarily suspended. What is the current situation with regard to these food aid shipments?

Mr. DICKERSON. Food aid shipments have been suspended pending the resolution of problems concerning the monitoring of the delivery and distribution of this aid inside Afghanistan.

Mr. WHITTEN. What role do USDA employees play in getting this food to Afghanistan?

Mr. DICKERSON. USDA employees are involved in the procurement in the U.S. of food aid from applicable sources and in the arrangement of and payment for the transportation from U.S. point of origin to Pakistan. Normally, USDA employees remain in the United States with the exception of the Agricultural Attache in Pakistan who becomes involved as required. However, USDA employees are not involved in the monitoring of any Title II food aid programs.

ETHIOPIA

Mr. WHITTEN. What is the current situation with regard to food aid shipments to Ethiopia?

Mr. DICKERSON. At this time, the port of Massawa is no longer operational because of fighting between the rebel forces of the Eritrean Peoples Liberation Front and Government of Ethiopia troops. The port of Massawa was scheduled to handle the majority of inbound food aid. Due to infrastructure and logistical inadequacies, the two remaining ports, Port Sudan in The Sudan and Assab in Ethiopia, cannot completely replace Massawa. Currently, the U.S. Agency for International Development is negotiating with the Sudanese to allow more aid to be landed at Port Sudan. However, unless the situation in Massawa quickly stabilizes and repairs can be made to port facilities, the prospects are not good—even dire.

Mr. WHITTEN. Are any USDA employees directly involved in getting food aid shipments to Ethiopia?

Mr. DICKERSON. Normally, there are no USDA employees outside the United States who are directly involved with food aid shipments to Ethiopia. However, numerous USDA employees including those in Kansas City play key roles in managing food aid approvals and movements for Ethiopian destinations.

CCC SALES

Mr. WHITTEN. On page 13 of your statement you say that the Sales Manager has aggressively used the authority contained in the CCC Charter Act and section 407 of the Agricultural Act of 1949 to sell CCC-owned commodities for export. Two paragraphs later you say that you were required by law for fiscal years 1986 through 1988 to sell not less 150,000 tons of CCC-owned dairy products. Other than dairy products, which were required by law to be sold, what has the Sales Manager "aggressively" sold from CCC?

Mr. DICKERSON. The direct export sales of CCC-owned commodities during fiscal year 1989 were limited to dairy products, either butter or butteroil. In determining sales opportunities for the CCC inventory, consideration is given to what effect an export sale by CCC would have on commercial private sector exports. Export sales by CCC that would displace commercial private sector exports are not pursued. For example, a grain export sale by CCC would compete directly with commercial private sector exports. The Office of the General Sales Manager has aggressively managed those programs which support the commercial export of such commodities, including the GSM-102/103 program and the Export Enhancement Program. In previous years, the Office of the General Sales Manager has negotiated export sales for sugar and red meats, the latter mandated under the Dairy Herd Termination Program.

SUNFLOWER AND COTTONSEED OIL PROGRAM

Mr. WHITTEN. Have any sales of cottonseed oil been made to date and what are the plans?

Mr. DICKERSON. No sales have been approved under the Cottonseed Oil Assistance Program—COAP—in fiscal year 1989 or to date in fiscal year 1990. Egypt has a current allocation of 20,000 metric tons under the COAP. The USDA currently reviewing possible options to revise the structure of the COAP. Options under consideration include restructuring the price and bonus review process, review of the country targeting criteria and targeting additional countries.

Mr. WHITTEN. Are any additional sunflower oil sales planned?

Mr. DICKERSON. Under the Sunflowerseed Oil Assistance Program—SOAP, Algeria has a current allocation balance of 14,000 metric tons and Egypt has a balance of 25,700 metric tons. As these balances are used, it is anticipated that Algeria and Egypt could be targeted for additional sunflowerseed oil. If sufficient sales are not made under the SOAP for Algeria and Egypt, consideration will be given to targeting other markets for the SOAP.

Mr. WHITTEN. How much sunflowerseed oil and cottonseed oil has been sold by year under the Export Enhancement Program?

Mr. DICKERSON. No sales of sunflowerseed or cottonseed oils were made in fiscal years 1986 and 1987 under the EEP. In fiscal year 1988, EEP sunflowerseed and cottonseed oil sales totaled 139,400 and 13,500 metric tons, respectively. In fiscal year 1989, EEP sunflowerseed oil sales totaled 44,000 metric tons. In fiscal year 1990, to date, EEP sunflowerseed oil sales total 3,000 metric tons.

Mr. WHITTEN. To whom were these sales made?

Mr. DICKERSON. Sunflowerseed oil was sold to Algeria, Indian and Turkey. Cottonseed oil was sold to Turkey.

Mr. WHITTEN. Mrs. Smith?

EXPLANATION OF BUDGET INCREASES

Mrs. SMITH. Mr. Dickerson, I notice that the President has recommended increasing your budget by $675,000. Could you explain the need for this increase? Is it because of our increased international trade, and how do you expect to use the money?

Mr. DICKERSON. The increase in the budget basically reflects the need for additional personnel, particularly in two of our divisions, resulting from the increased work load that's come from the full utilization of our GSM programs and our EEP program.

Basically, it's the result of additional needs for personnel in order to manage those programs.

Mrs. SMITH. It's close to a ten percent increase.

Mr. DICKERSON. That's correct.

CREDIT GUARANTEE PROGRAM DEFAULTS

Mrs. SMITH. What about this credit for foreign nations? I note you say that the credit availability to foreign nations is so important. You cite 42 nations that had been reviewed case by case.

Now, in your present program, has the United States suffered in any losses due to defaults on loans?

Mr. DICKERSON. Well, we're talking about the GSM-102 program, I think. The GSM-103 program has never had any experience of loss or rescheduling.

In the GSM-102 program, over the last nine years, we have guaranteed loans of approximately $25 billion, and of that, the actual arrearages now, non-payment of principal and interest, is about $910 million.

We have guarantees out right now that cover about $7.5 billion of open loans under GSM-102, and we have approximately $3.5 billion that has been rescheduled.

But the actual arrearages at the present time are slightly under $1 billion on a $25 billion program over a period of nine years, which I think is pretty good performance.

Mrs. SMITH. It's very significant.

TARGETED EXPORT ASSISTANCE PROGRAM

The TEA program in fiscal year 1989 conducted promotional activities on 47 commodity programs in more than 100 foreign markets. As well, this subcommittee has supported the TEA program with an additional $200 million for fiscal year 1990. Mr. Dickerson, would you briefly outline for the committee how you believe this additional $200 million for fiscal year 1990 will be utilized? How many commodity programs and international markets do you anticipate will be touched by the program?

Mr. DICKERSON. In fiscal year 1990, the TEA program has 46 participants, of which 5 are high value commodity groups new to TEA. The TEA program is expected to conduct activities promoting 82 major commodities and an additional 125 high value branded products in 114 international markets. With a seven percent increase in allocation for high value products, nearly three quarters of the $200 million in fiscal year 1990 has been directed towards promoting high value exports in key growth markets in the Pacific Rim, Canada and the EC-12. Three out of every four dollars will be devoted to consumer level market development activities.

PUBLIC LAW 480 PROGRAM MODIFICATIONS

Mrs. SMITH. Under Secretary Crowder, I noted that Secretary Yeutter, in appearing before the Senate Agricultural Committee yesterday, commented that it is now time to reassess the Public Law 480 Program.

Would you want to comment on the Secretary's statement? What types of changes or modifications is the Department currently considering?

Mr. CROWDER. We have been working with an interagency group within the Administration, called the Food Aid Subcommittee, which I Chair, to review the Public Law 480 legislation and what's there.

Basically, the type of changes that we are looking at are ones that would simplify the process and make the operation more effective and more efficient in terms of operation.

The basic goals of the program in terms of development, humanitarian assistance, foreign policy, economic development, and so forth would remain unchanged.

There are a number of amendments and changes to the Public Law 480 program that have made it administratively cumbersome at times, and we hope, without sacrificing any part of the objectives, to come forward in the very near future with recommendations on Public Law 480 comparable to what we had in the green book for other programs.

This one just took a little bit longer than some of the others, but in the very near future we'll come forward with our recommendations on Public Law 480 which we think will make it a better program.

EXPORT ENHANCEMENT PROGRAM--EEP

Mrs. SMITH. In Mr. Dickerson's statement, it says that 56 percent of all U.S. wheat and wheat flour exports during 1985–89 were shipped under the EEP. I have long been a strong supporter of the EEP and realize its importance in opening international markets to U.S. exports. However, I am concerned that EEP has been utilized on more than half of all U.S. wheat exports. Under Secretary Crowder, would you comment on this situation? As well, would you tell me if you see an increasing role in the EEP in future years?

Mr. CROWDER. In using EEP to compete with the unfair export subsidies of the European Community, we have found that effective pressure upon EC subsidies can best be achieved by extending the program to encompass markets where the EC is a supplier. In the case of wheat, this has been quite extensive. Attempts have been made to prevent a large shift of EC wheat to other markets where the EEP had not been previously applied. So, this is why the EEP has come to be used over a very large portion of our wheat exports. There are only a few markets where EEP is not used and is not needed to compete with subsidized competition. Japan, Korea, Taiwan, and a few Latin American markets are in that category.

As for the future, the EEP is an integral part of the U.S. trade policy strategy for achieving success in the Uruguay Round of agricultural trade negotiations under the GATT. We are working hard on this, and until there is success on that front, there is no intention to disarm unilaterally. We must remain competitive in the meantime. The EEP program should be assessed after the conclusion of the Uruguay Round.

Mrs. SMITH. Thank you very much.

No more questions, Mr. Chairman.

Mr. WHITTEN. Thank you very much.

CCC AUTHORITY

You have said what you'd like to do, therefore someone in the Government is stopping you because the Commodity Credit Corporation gives you the authority to sell. It fell in such disuse some years back that it was just unheard of that we could sell at competitive prices.

In the last two years, there has been an argument on the other side. We went along with a $10 million program under Section 32 to export sunflower oil, and we got criticized. That's the purpose of Section 32. Most people are not aware of that. It's falling into disuse to where the press and the news media all thought it was wrong. All we did was use the law like it was intended.

So we have let our export programs fall into disuse. I know that you're probably not going to run the Secretary's office, and you don't run our foreign policies, but with your help we may get them to realize that we're pulling our country down.

As I said earlier, we're concerned about the welfare of the farmer, but many of them are no longer around. They've been dragged around so long that many of them have gone out of business. We have 70 million acres of land lying idle. We're paying people not to produce when the world is begging for food, and in turn they pay through the nose getting what they need someplace else.

Perhaps you read some of the nice periodicals and reports blasting the committee for using some of Section 32 funds for the purpose for which it was created, to encourage the exportation of agricultural commodities.

We put this in the law, and we know how to put strings on your appropriations. I don't know how far we'd get with it, but when you show that you do what you're directed to and nothing more, then are we going to have to write language in the bill that directs funds to be used only for such and such a purpose in order to get you to carry out a program that worked for 48 years.

ACTION PLAN FOR EXPANDING EXPORTS

Mr. CROWDER. Mr. Chairman, as I indicated earlier, we share what we feel is not only yours but the entire committee's feeling toward the importance of the world market, and we plan to continue to attack that opportunity in a couple of ways.

One, we will use the Office of the General Sales Manager and the Foreign Agricultural Service to not only develop markets but also to sell products that we have.

Secondly, we will also push very diligently and hard on this issue of the GATT round that was referred to by Congresswoman Smith.

So we have a big challenge. We have an important job. We think that we have the resources, and we think we've got an organizational structure now in place that can execute, and as you look at the results of our export efforts, they will continue to improve.

You're right that agriculture is important. U.S. agriculture generates around a $17 billion trade surplus, and that's important not only to agriculture but to the total economy.

We've got to be aggressive not only in saving our markets but expanding and getting a bigger share of the world market.

Mr. WHITTEN. As I say, we won a few battles, but we didn't win the wars. The Commodity Credit Corporation was set up for the purpose of buying and selling surplus products competitively. Now we use it as an open account where you can draw checks on it for anything that comes along.

FOREIGN COMPETITOR ACTIONS TO EXCLUDE U.S. EXPORTS

We do it one way, and they scream about it; they do it another way, and the same thing. I'd like you to supply for the record what the major countries of the world are doing to keep our commodities out.

Mr. CROWDER. We'd be happy to supply that information for the record.

[CLERK'S NOTE.—A copy of last year's Section 1132 report on Trade Policies and Market Opportunities for U.S. Farm Exports which lists foreign import barriers of various countries of the world is too lengthy for reprint. A copy has been retained in committee files.]

Mr. WHITTEN. It would help us to know just where we stand. Every other country looks after their own problems, except the U.S. We're the only country that I know of that has an open door policy.

Thank you very much, and, again, this is not personal, but it's a very serious situation we're in. We're on the brink of becoming a second rate power if we don't do something.

Mr. CROWDER. We appreciate your comments and your interest, Mr. Chairman.

Mr. WHITTEN. Thank you very much.

Biographical Sketch
For
F. PAUL DICKERSON

Mr. Dickerson is a native of Inglewood, California. He holds a degree in international relations from the University of California at Los Angeles.

Mr. Dickerson serves as General Sales Manager and Associate Administrator of the Foreign Agricultural Service of the U.S. Department of Agriculture and Vice President of the Commodity Credit Corporation. His duties include administering foreign market development activities, export credit activities, and the Public Law 480 (Food for Peace) Program for the Department. Mr. Dickerson assumed his present position in July 1989.

Mr. Dickerson also oversees the Export Enhancement Program (EEP) which has accounted for over $9.5 billion in U.S. agricultural exports since 1985. He is also responsible for direct sales of surplus commodities into the export market.

Mr. Dickerson has served as consultant and regional marketing agent in the Pacific Northwest. From 1978 to 1986, he served as the President and Chief Operating Officer of Columbia Grain, Inc., in Portland, Oregon. From 1967 to 1978, he served in management and trading positions for Cook Industries, Inc., in Portland, Oregon; Memphis, Tenn.; and Tokyo. From 1960 to 1967, he served in management and trading positions for Cargill, Inc., in Chicago, Illinois; Des Moines, Iowa; Portland, Oregon; and Mexico City.

In 1974 and 1981, Mr. Dickerson served as President of the Pacific Northwest Grain Export Association. In addition, he has served on the board of directors of the National Grain and Feed Association, and the Pacific Northwest Grain and Feed Dealers Association.

Office of the General Sales Manager
Statement by F. Paul Dickerson, General Sales Manager
U.S. Department of Agriculture
Before the House Subcommittee on
Rural Development, Agriculture and Related Agencies

Mr. Chairman, members of the Subcommittee, I appreciate the opportunity to discuss the programs of the Office of the General Sales Manager and to present our budget request for fiscal year 1991.

This past year was a good one for U.S. agricultural exports. In fiscal year 1989, U.S. agricultural exports reached $39.7 billion, the highest level since the record $43.8 billion in fiscal year 1981. Agriculture generated a trade surplus of over $18 billion in fiscal year 1989, and we anticipate a similar contribution in 1990.

Based on tight supplies for some commodities and lower grain and oilseed prices, the initial fiscal year 1990 export forecast projects a slight fallback in value and volume, to $38 billion and 145.5 million metric tons respectively. However, exports for the first quarter of fiscal year 1990 were up 3 percent in value and 20 percent in volume over last year's pace so there remains room for optimism.

Mr. Chairman, the American farmer has led the struggle to remain competitive in international markets. Our ability to provide quality products at competitive prices is the key to success in global trading. Access to foreign markets is restricted in some cases and foreign competitors use an array of trade enhancement tools, some of which result in unfair competition.

The Food Security Act of 1985 authorized programs necessary for U.S. agriculture to be competitive in the world marketplace. In the early 1980's, we were rapidly losing ground to our international competitors. Today, we are reasserting our export position through the use of a fully integrated battery of programs.

Market-oriented U.S. farm programs help provide a supply of quality agricultural products at prices that can compete in international markets. Multilateral and bilateral trade negotiations are working to open markets. The credit guarantee programs facilitate export sales that might otherwise not be possible. The Export Enhancement, Targeted Export Assistance, and other programs are offsetting unfair competition. Our direct sales program permits us to sell directly from CCC inventories, and our other food assistance programs serve both humanitarian and market development objectives.

In my role as General Sales Manager, I am privileged to represent U.S. farmers in international agricultural markets. I have continued the tradition of meeting clients face-to-face, which is extremely important in achieving sales of U.S. products in the world marketplace. My door is always open to those interested in boosting U.S. agricultural sales overseas.

I would like to briefly describe how our major export promotion programs have helped U.S. agricultural exports during the past year.

CREDIT GUARANTEE PROGRAMS

The GSM-102 short-term Credit Guarantee Program helps U.S. agricultural exporters by facilitating extension of private commercial credit with repayment periods of up to 3 years. By providing a U.S. Government guarantee on 98 percent of the private financing, this program encourages U.S. lenders (typically commercial banks) to extend credit which is used by overseas customers to pay U.S. exporters. All U.S. agricultural commodities can be considered for programming under the GSM-102 program.

In fiscal year 1989, $4.8 billion in export sales were registered under the GSM-102 program, out of a total of $5 billion in short-term credit guarantees made available.

The GSM-102 credit guarantee program as been an important tool in helping U.S. exporters develop significant market shares in a number of countries. For instance, the GSM-102 program in Mexico has allowed the United States to promote successfully a large variety of agricultural products. Total sales registered exceeded $1.1 billion, of which two-thirds went for oilseeds, feed grains, and nonfat dry milk, with significant volumes of rice, wheat, and dry edible beans.

In Turkey, rapid allocation of GSM-102 credit guarantees facilitated U.S. wheat, rice, and feed grain exports. During fiscal 1989, Turkey suffered major crop losses, and the country increased its wheat imports dramatically. Credit guarantees provided financing for more than $90 million of Turkey's wheat purchases, and total sales for all commodities exceeded $130 million, a major increase above the previous year's $25 million.

In North Africa the program helped the U.S. forest products industry continue to make inroads in the Algerian solid wood products market, with sales of nearly $29 million, a 45 percent increase over the previous year. And Pakistan not only retained its place as the largest single country vegetable oil importer, using $97 million in guarantees for oil, but also opened its markets to U.S. wheat suppliers for the first time in 4 years, with purchases of $49 million worth of U.S. wheat.

GSM-103 INTERMEDIATE CREDIT PROGRAM

Fiscal year 1989 was the third full year of program operation for the GSM-103 Intermediate Export Credit Guarantee Program.

The GSM-103 program, which provides guarantees on loans with repayment periods from 3 to 10 years, is designed to help developing nations make the transition from concessional to cash sales.

In fiscal year 1989, sales registrations amounted to $425.5 million, a 17 percent increase over fiscal year 1988. Wheat and feed grains were the major commodities covered.

The extended financing terms offered under the GSM-103 program enabled the United States to maintain market presence in Morocco, an important EC wheat market. Over $113 million of wheat exports to Morocco were registered under this program in fiscal 1989.

Also, U.S. wheat market share expanded in Sri Lanka as a result of a GSM-103 initiative. In fiscal 1989, an intermediate-credit guarantee program for $35 million for sales of U.S. wheat to Sri Lanka was announced for the first time. Sri Lanka registered over 94 percent of the allocation. The GSM-103 program, along with the P.L. 480 program, increased U.S. sales of wheat and helped alleviate the critical food situation in Sri Lanka brought on by drought, floods, and civil unrest.

Elsewhere, because of poor weather conditions, Jordan increased its purchases of U.S. wheat, rice, and feed grains to over $64 million under the GSM-103 program during fiscal year 1989.

RISK ANALYSIS

In the allocation decision process, foreign risk analyses continue to expand. We evaluated the creditworthiness of more than 42 countries based on current macroeconomic and financial conditions as well as expectations for the next 18 to 24 months. The analyses focused on the potential for debt rescheduling or default that could result in outlays for the CCC.

Increased efforts are underway to draw on the body of information already gathered by international lending agencies to better assess the risk associated with credit guarantees on a country-by-country basis. This should help us to improve our capability to balance market potential with the level of risk associated with developing a specific market.

Sales registrations for both GSM-102 and GSM-103 during fiscal 1990 will probably reach an all-time high. We will need to continue to allocate effectively all available guarantees to promote trade and maintain the level of risk at an acceptable level. Also, with the dramatic changes taking place in Eastern Europe and greater demand in other countries as well, we may have to consider the implications of these changes on our credit programs and on our staff resources.

PUBLIC LAW 480--FOOD FOR PEACE PROGRAM

For P.L. 480 activities,the General Sales Manager has primary programming responsibility for the Title I concessional sales program and the Agency for International Development (AID) has comparable responsibility for the Title II donations program. Title I operational activities are also the responsibility of the Department, while Title II operational activities are the joint responsibility of USDA and AID.

Over the years, the P.L. 480 program has had an excellent record in supporting the market development, economic, humanitarian, and foreign policy objectives of the United States.

Title I concessional sales have been effective in both economic development and the creation of commercial markets for U.S. farm products. During fiscal 1989, Title I programs were carried out with 24 countries, with an estimated export market value of $638 million.

Last year, a new Title I program opened a rice market for U.S. exporters in Cote d'Ivoire. The U.S. presence in that market had been extremely limited since 1986 because of import licensing procedures. However, last June, the Government of Cote d'Ivoire signed a $5-million Title I agreement for approximately 18,000 tons of white rice.

We expect that this will encourage Cote d'Ivoire to issue import licenses for commercial purchases of U.S. brown rice in order to rejuvenate its milling industry. The Rice Council anticipates that U.S. sales of brown rice to this market could reach 60,000 tons annually.

The United States shipped wheat, wheat flour, edible vegetable oil, and tallow to El Salvador under a $40-million program in fiscal 1989. Local currencies generated from the Title I agreement will help improve economic and agricultural growth and support eradication of the screwworm and fruit fly.

Jamaica's $40-million Title I agreement covered wheat, wheat flour, rice, corn, and sorghum--and for the first time under P.L. 480, wood products with a market value of $5 million.

The effect of Tunisia's drought was staved off this year through the combination of Title I and other export assistance. The Title I program and GSM-102 credit guarantees combined to maintain a market for U.S. feed grains against stiff European competition. Moreover, sorghum exported under Section 416 is developing a market for future sales of U.S. sorghum in this market.

During fiscal 1989, P.L. 480 Title III (Food for Development) agreements were signed with Bangladesh and Bolivia with an export market value of $97 million. Funds generated through Title III programs are used for projects such as food-grain storage facilities, research and extension, or small farm irrigation systems. The program also encourages countries to make major policy adjustments, such as expanding private bank credit in rural areas or phasing out food subsidies for consumers.

Under the Title II food donation program, the United States in fiscal 1989 donated 2.1 million tons (grain equivalent basis) of food commodities valued at $699 million, including ocean and internal transportation costs, to malnourished people in 70 countries.

Of this amount, at least 1.6 million tons were provided for the regular feeding activities of private voluntary organizations, the World Food Program, and bilateral agreements. Title II donations to the World Food Program contributed to the biennial U.S. pledge of $250 million for 1988/89, as well as the U.S. contribution to the International Emergency Food Reserve.

Title II donations consist primarily of wheat and feed grains and their products. Other commodities include vegetable oil, rice, pulses, processed foods, and soy-fortified products. These latter commodities supply needed caloric and protein benefits to vulnerable groups in keeping with the nutritional objectives of the Title II Program.

While most Title II donations support ongoing feeding activities, the four largest recipients of emergency food aid in fiscal 1989 were Sudan ($21 million), Afghanistan ($20 million), Ethiopia ($13 million), and Lebanon ($12 million).

Food assistance provided through both the Title I/III and Title II programs of P.L. 480 contributes to meeting the annual U.S. pledge of 4.47 million metric tons of food grains to the Food Aid Convention of the International Wheat Agreement. This pledge was exceeded again in fiscal 1989.

Given the reduced level of wheat stocks in fiscal 1989, it was necessary to access the Food Security Wheat Reserve. Of the 4 million metric tons established for the wheat reserve, 1.5 million tons were used to help meet P.L. 480 wheat requirements in fiscal 1989 and up to 2 million tons have been released for use in fiscal 1990.

SECTION 416(b)

Under Section 416(b) authority, the United States approved slightly more than 1 million tons of CCC-owned commodities for donation overseas during fiscal 1989. Sorghum represented 60 percent and corn 30 percent of total approvals.

In response to the American Aid for Poland Act of 1988 which called for 8,000 tons of food aid per year for the 1988-92 period, the United States developed and signed a Section 416(b) agreement providing 16,000 tons of food aid covering the years 1988 and 1989. The agreement also established a novel Joint Commission composed of representatives of both governments and the Polish private sector.

The Joint Commission will receive local currencies generated from the sale of the donated commodities. These currencies will be used to support approved projects for humanitarian assistance and economic development in Poland through the enhancement of the private sector, mainly in rural areas.

In fiscal 1989, five Section 416(b) agreements were signed with organizations in Mexico--four with private voluntary organizations and one with the government's social welfare agency. These agreements provided 252,000 tons of sorghum for use in feeding programs and general distribution to the poor.

Another agreement was signed with Jordan for 236,000 tons of sorghum with an estimated value of $26 million. This first-ever donation of U.S. sorghum also enhances future market potential.

EXPORT ENHANCEMENT PROGRAM

The Export Enhancement Program (EEP) uses CCC commodities to make U.S. products more competitive in the world marketplace and to offset the adverse effects of unfair trade practices or subsidies. Under the EEP, agricultural commodities owned by the CCC are made available as a bonus to U.S. exporters to expand sales of U.S. agricultural products into targeted markets.

The program was developed to achieve three primary objectives: 1) to encourage trading partners to negotiate seriously on reform of world agricultural trade; 2) to challenge unfair trading practices of competitor countries; and 3) to regain overseas markets for U.S. agricultural commodities.

Four guidelines are used to determine the annual funding level and to select proposed sales initiatives under EEP. First, EEP proposals must further the U.S. negotiating strategy of countering competitors' subsidies and other unfair trade practices by displacing other countries' subsidized exports in targeted countries. Second, all EEP initiatives must demonstrate their potential to develop, expand or maintain markets share for U.S. agricultural commodities and consider the U.S. historical market share and long-term commercial relationships. Third, individual EEP initiatives must not have more than a minimal effect on nonsubsidizing agricultural exporters in the market. Finally, the overall program level for EEP, as well as the amount of bonus awards under individual EEP initiatives, will be maintained at the minimum levels necessary to achieve the expected benefits of the program's export expansion objectives, as well as the anticipated long-term benefits from multilateral agricultural trade policy reform.

Since the EEP was initiated in 1985, 105 initiatives have been announced with 65 countries as of February 2, 1990. Over 80 million tons of commodities have been sold, including roughly 73 million tons of wheat and wheat flour (grain equivalent), 7.0 million tons of barley, 73,000 tons of semolina (grain equivalent), 256,000 tons of barley malt (grain equivalent), and 191,000 tons of rice.

In addition, 166,000 tons of frozen poultry, 448 million table eggs, 513,000 tons of vegetable oil, 319,000 tons of sorghum, 189,000 tons of poultry feed and about 70,000 dairy cattle have been sold. Sales totaled nearly $8.6 billion by the end of fiscal 1989, and by early-February they were more than $9.8 billion.

The EEP continues to be an exceedingly important instrument for maintaining the U.S. share of markets where unfair trade practices prevail and for achieving export trade objectives. For instance, 56 percent of all U.S. wheat and wheat flour exports during 1985-89 were shipped under the EEP. A recent review of the program by a USDA task force reached the following conclusions: U.S. exports have been larger because of the EEP; initiatives under this program have cut into EC export sales to its traditional markets; and the more aggressive U.S. export posture has helped spur progress in the Uruguay Round of the GATT trade talks on agriculture.

TARGETED EXPORT ASSISTANCE

The Targeted Export Assistance Program has strengthened the ability of U.S. agriculture to compete in world markets.

Under the TEA program, FAS helps promote the export of U.S. agricultural commodities that have been injured because of unfair foreign trade practices. FAS works with nonprofit agricultural trade associations and U.S. private firms to promote U.S. products through joint industry-government projects in foreign markets.

USDA announced allocations totaling $200 million in fiscal 1989 to conduct promotional activities for 47 commodity programs in more than 100 foreign markets. The program level for TEA is again $200 million during fiscal 1990.

The Office of the General Sales Manager has played an active role together with FAS in operating the TEA program, and together, our combined efforts are paying off. A few examples will illustrate the effectiveness of this program.

In Japan, the California Pistachio Commission launched a TEA program that included more than 1,000 in-store demonstrations to impress Japanese consumers with the superior qualities of U.S. pistachios. Pistachio exports to Japan increased 88 percent between October 1988 and July 1989; even more impressive, the U.S. market share rose from 10 to 17 percent.

To compete more effectively with lower-priced Chinese peanuts in the French market, the National Peanut Council staged a TEA-branded promotion in cooperation with a major French manufacturer. The Peanut Council jointly funded television and trade advertising and consumer promotion activities for U.S. peanuts. The French manufacturer increased its sales of U.S. peanuts by over 25 percent in fiscal 1989.

Turkey has become a brand-conscious rice market as the Rice Council capitalized both on the availability of the Export Enhancement Program and TEA program. U.S. rice sales to Turkey doubled from fiscal 1988, when the promotion began, reaching 116,500 tons in fiscal 1989.

A private U.S. company participated in a TEA promotion program staged by the Southern United States Trade Association (SUSTA) and became the leading supplier of bottled cottonseed oil on Korean grocery shelves. The company garnered more than $4 million in sales in its first year of promotion in South Korea.

EXPORT SALES AND RELATED PROGRAMS

The Office of the General Sales Manager has aggressively used the authority contained in the CCC Charter Act and Section 407 of the Agricultural Act of 1949 to sell CCC-owned commodities for export.

Direct sales volume in fiscal 1989 totaled over 84,000 tons of butter and butteroil (butter equivalent basis) for a value of $137 million. Not only was sales volume the largest since fiscal 1981, but sales prices were the highest of the past decade.

Major buyers were the Soviet Union, Mexico, Brazil, Iraq, and Jamaica.

The Food Security Act of 1985 required that in each of fiscal years 1986 through 1988, the CCC export not less than 150,000 tons of CCC-owned dairy products. The Hunger Prevention Act of 1988 extended the CCC direct dairy sales mandate through fiscal 1990.

Over the four-year fiscal 1986-89 period, the CCC sold for export some 556,000 tons of CCC-owned dairy products with a value of $515 million. The CCC exceeded the 150,000-ton mandate in fiscal years 1986 and 1987, but did not have a sufficient variety and amount of commodities in stocks during 1988 and 1989 to achieve that target.

DAIRY EXPORT INCENTIVE PROGRAM (DEIP)

As mandated by the Food Security Act of 1985, this program provides bonuses on a bid basis to exporters of dairy products, enabling them to compete in targeted international markets with other suppliers. Export sales under the program must be additional to, and not displace, commercial export sales.

The DEIP has supported exports of nearly 10,000 tons of dairy products to 15 countries. Due to reduced availabilities of uncommitted stocks of dairy products, no sales were made under the DEIP program in fiscal 1989. For fiscal year 1990, the program has been revised so that exporters will receive bonuses in CCC commodity certificates and new country allocations have been announced.

SOAP/COAP

During fiscal 1989, we implemented two new export programs for vegetable oils--the Sunflowerseed Oil Assistance Program (SOAP) and the Cottonseed Oil Assistance Program (COAP)--as required by the Agriculture Appropriations Acts of 1988 and 1989 to facilitate additional sales of sunflowerseed oil and cottonseed oil in targeted world markets. Under the SOAP, U.S. exporters shipped 54,300 tons of U.S. sunflowerseed oil to Egypt between December 1988 and April 1989, using nearly 15,000 tons of U.S. oil for payment of the export bonuses. Thus far in fiscal year 1990, sales of 6,000 tons of sunflowerseed oil to Algeria have been made utilizing SOAP. These sales to Egypt and Algeria were in addition to sales of 114,500 tons of vegetable oils made under the Export Enhancement Program during this same period.

BUDGET REQUEST FOR FISCAL YEAR 1991

Our budget recommendations for fiscal year 1991 reflect the continued importance of USDA's export programs in helping U.S. agriculture maintain a competitive position in the international marketplace.

CCC EXPORT CREDIT GUARANTEES

For fiscal year 1991, we will be making available $5 billion of short-term credit guarantees (GSM-102) and $500 million of intermediate export credit guarantees (GSM-103). These program levels are unchanged from fiscal year 1990.

PUBLIC LAW 480 (FOOD FOR PEACE) PROGRAM

For fiscal year 1991, we are recommending a total program level of slightly under $1.5 billion for the P.L. 480 program, which will provide approximately 6.4 million tons (grain equivalent) of agricultural commodity exports. This would be an increase of 500,000 tons above the level presently estimated for fiscal year 1990.

For the Title I/III program, we are recommending a program level of $817 million which will provide long-term concessional financing for 4.4 million tons (grain equivalent) of agricultural commodities.

For the Title II program, we are recommending $646 million, which will provide for 2.0 million tons (grain equivalent) of food donations.

THE GENERAL SALES MANAGER'S OFFICE

For fiscal year 1991, we are recommending $8.1 million for the operation of the General Sales Manager's Office, an increase of $675,000 above the fiscal year 1990 level. The proposed increase will finance 8 additional staff-years, urgently needed to improve the administration and oversight of the Department's commercial export programs, and will offset half of the 1991 pay raise.

This concludes my statement, Mr. Chairman. I welcome the opportunity to answer your questions.

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GENERAL SALES MANAGER

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989			1990			1991		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-6	--	--	--	--	--	--	--	--	--
ES-5	1	--	1	1	--	1	1	--	1
ES-4	--	--	--	--	--	--	--	--	--
ES-3	--	--	--	--	--	--	--	--	--
GS/GM-15	6	--	6	6	--	6	6	--	6
GS/GM-14	16	--	16	16	--	16	17	--	17
GS/GM-13	16	--	16	16	--	16	20	--	20
GS-12	33	--	33	34	--	34	36	--	36
GS-11	6	--	6	7	--	7	7	--	7
GS-10	--	--	--	--	--	--	--	--	--
GS-9	4	--	4	7	--	7	6	--	6
GS-8	3	--	3	3	--	3	5	--	5
GS-7	9	--	9	9	--	9	9	--	9
GS-6	16	--	16	16	--	16	16	--	16
GS-5	2	--	2	2	--	2	2	--	2
GS-4	4	--	4	4	--	4	4	--	4
GS-3	--	--	--	--	--	--	--	--	--
GS-2	--	--	--	--	--	--	--	--	--
Other Graded Positions	--	--	--	--	--	--	--	--	--
Ungraded Positions.	--	--	--	--	--	--	--	--	--
Total Permanent Positions	116	--	116	121	--	121	129	--	129
Staff Years:									
Ceiling	116	--	116	121	--	121	129	--	129
Non-Ceiling	--	--	--	--	--	--	--	--	--
TOTAL	116	--	116	121	--	121	129	--	129

COMMODITY CREDIT CORPORATION

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

General Sales Manager (Allotment from Commodity Credit Corporation):

Not to exceed [$7,415,000] $8,090,000 may be transferred from the Commodity Credit Corporation funds to support the General Sales Manager, of which up to $4,000,000 shall be available only for the purpose of selling surplus agricultural commodities from Commodity Credit Corporation inventory in world trade at competitive prices for the purpose of regaining and retaining our normal share of world markets. The General Sales Manager shall report directly to the Secretary of Agriculture. The General Sales Manager shall obtain, assimilate, and analyze all available information on developments related to private sales, as well as those funded by the Corporation, including grade and quality as sold and as delivered, including information relating to the effectiveness of greater reliance by the General Sales Manager upon loan guarantees as contrasted to direct loans for financing commercial export sales of agricultural commodities out of private stocks on credit terms, as provided in titles I and II of the Agricultural Trade Act of 1978, Public Law 95-501, and shall submit quarterly reports to the appropriate committees of Congress concerning such developments.

GENERAL SALES MANAGER
ALLOTMENT FROM COMMODITY CREDIT CORPORATION

Allotment, 1990	$7,415,000
Budget Estimate, 1991	8,090,000
Increase in Allotment	+ 675,000

SUMMARY OF INCREASES AND DECREASES
(On basis of allotment)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
General Sales Manager	$7,415,000	+ $100,000	$575,000	$8,090,000

PROJECT STATEMENT
(On basis of allotment)

Project	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase	1991 Estimated Amount	1991 Estimated Staff-Years
General Sales Manager	$7,200,000	116	$7,415,000	121	+$675,000(1)	$8,090,000	129
Total available or estimate	$7,200,000	116	$7,415,000	121	+$675,000(1)	$8,090,000	129

EXPLANATION OF PROGRAM

The General Sales Manager was established pursuant to Section 5(f) of the Charter of the Commodity Credit Corporation and 15 U.S.C. 714-714p. The funds allocated are used for conducting the following programs:

> (1) CCC Export Credit Guarantee Program (GSM-102), (2) Intermediate Credit Guarantee Program (GSM-103), (3) Export Enhancement Program, (4) Targeted Export Assistance Program, (5) Public Law 480, (6) Section 416 Overseas Donations program, (7) Food for Progress, and (8) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of CCC-owned commodities, export payments and other programs as assigned to encourage or cause the export of U.S. agricultural commodities.

REVIEWS COMMENCED DURING FY 1989

GAO Reviews

Code 483505	Review of Export Credit Guarantee Shipments	Review of origin of commodities exported under program
Code 472182	AID's Management of Emergency Food Shipments	Review of AID/USDA program administration
Code 483509	Review of Implementation of TEA Report Recommendations and Analysis of Export Additionality	Review of USDA program administration

OIG Reviews

07099-21-Hy	Exports of Foreign Commodities Under GSM 102/103	Audit of agency program administration

07099-01-SF	Export Credit Guarantees Made to Selected Seed Exporters	Audit of selected program participants
07099-22-Hy	Dairy Cattle Exports Under EEP	Audit of agency program administration
50099-61-Hy	Foreign Debt Collection	Audit of collection efforts by CCC
07020-2-Hy	Participant Contributions Under TEA and FMD Programs	Audit of agency program administration
07099-25-Hy	Audit of GSM 102/103 Program Participant	Audit of program participant

REVIEWS COMPLETED DURING FY 1989

GAO Reviews

Code 483450	Review of the TEA Program	Review of USDA program administration
Code 483430	INTERNATIONAL TRADE: CCC's Export Credit Guarantee Program	Review of USDA program administration
Code 901451	U.S. Export Tobacco Content	Review of USDA program administration
Code 097723	WORLD AGRICULTURE: Factors Influencing Trends in World Agricultural Production and Trade	Review of international marketing trends
Code 472182	AID's Management of Emergency Food Shipments	Review of agency program administration

OIG Reviews

50099-32-Hy	PL 480 Title II Evaluation of Program Objectives	Review of program effectiveness in achieving objectives
07099-07-Hy	Audit of PL 480 Title I U.S. Flag Vessel Rates	Review of agency program administration
07099-11-Hy	Direct Sales From CCC Inventory	Audit of agency program administration
07099-19-Hy	Market Development: Walnut Marketing Board	Audit of participant in TEA program
07099-9-Hy	Survey of PL 480 Title II Private Voluntary Organization Use of Foreign Currencies	Survey of agency program administration
07099-16-Hy	Food For Progress	Audit of agency program administration
07099-14-Hy	Market Development: Targeted Export Assistance Program	Audit of agency program administration
07099-22-Hy	Dairy Cattle Exports Under EEP	Audit of agency program administration

07099-21-SF	Export Credit Guarantees Made to Selected Seed Exporters	Audit of program participants
07097-1-SF	FAS GSM 102/103 Seed Sales	Audit of program participants
50099-51-Hy	Survey of Ocean Freight Rates	Survey of agency program administration

JUSTIFICATION ON INCREASES AND DECREASES

1. An increase of $675,000 for the General Sales Manager ($7,415,000 available in FY 1990) consisting of:

(a) An increase of $575,000 for 8 additional staff-years.

Need for Change. The Food Security Act of 1985 substantially increased the program responsibilities of the General Sales Manager without providing for the necessary program support resources. Meeting the traditional program responsibilities with existing staff, in addition to new workload demands, particularly those associated with the expanded GSM-102 program, the new GSM-103 program, and the expansion of the Export Enhancement Program, have resulted in chronic staffing shortages. This situation has created difficulties which have been documented in frequent GAO/OIG audits and reviews of USDA export programs. Many of these audits and reviews continue to point to the lack of formal program regulations, inadequate documentation of policies and procedures, and a lack of internal reviews and evaluations of program effectiveness and compliance with established guidelines. To minimize vulnerability to waste, fraud and abuse and to address the program management issues identified in GAO/OIG reports, 8 additional staff-years are requested.

Nature of Change. The requested funding will support 8 additional staff-years and related costs which will be dedicated to the improvement of the administration and oversight of the Department's commercial export programs under the direction of the General Sales Manager's Office.

(b) An increase of $100,000 which represents 50 percent of the FY 1991 pay raise. The remaining 50 percent of the 1991 pay raise is being absorbed.

General Sales Manager
Allotment from Commodity Credit Corporation
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia	$7,200,000	116	$7,415,000	121	$8,090,000	129
Total, Available or Estimate	$7,200,000	116	$7,415,000	121	$8,090,000	129

COMMERCIAL EXPORT PROGRAMS

STATUS OF PROGRAM

Within the provisions of the CCC Charter Act, the General Sales Manager has authority to make sales for export from CCC stocks and to develop and administer programs supporting agricultural commodity exports. In fiscal year 1989, the Export Credit Guarantee Program (GSM-102) and the Export Enhancement Program (GSM-500) continued as the primary vehicles for supporting commercial agricultural exports. The Intermediate-Term Export Credit Guarantee Program (GSM-103) continued to expand in fiscal year 1989. These export programs made a major contribution to U.S. exports that totaled an estimated $40.0 billion in fiscal year 1989, up from a recent low of $26.3 billion in fiscal year 1986.

CCC Export Credit Guarantee Program (GSM-102). The GSM-102 program helps U.S. exporters of agricultural commodities and products by facilitating extension of private commercial credit with repayment periods of up to three years. By providing a U.S. Government guarantee on substantially all of the private financing, this CCC program encourages U.S. lenders (typically commercial banks) to extend credit which is used by overseas customers to pay U.S. exporters. In fiscal year 1989, $5.0 billion in credit guarantees were announced for use in 26 countries, and $4.6 billion in sales were registered by exporters. All agricultural commodities can be considered for programing under the GSM-102 program.

1. Algeria - U.S. exporters continue to make inroads in the Algerian solid wood products market. Sales of solid wood products in fiscal year 1989 were $28.8 million under the fiscal year 1989 GSM-102 program compared with $19.8 million for fiscal year 1988 -- a 45 percent increase over the previous year. This increase in sales highlights the importance of the credit guarantee programs in export promotion. Exports of wood products to Algeria are expected to increase again in the coming year.

2. Haiti - Guarantees help with badly needed commodities. In fiscal year 1989, Haiti's $19 million GSM-102 program helped that country with badly needed food during a time of severe political and social turmoil. The entire $19 million wheat program was registered by the end of the fiscal year.

3. Iraq - Credit Guarantees Continue to Aid Market Expansion. As a result of the export credit guarantee programs, particularly GSM-102, Iraq again moved up in the U.S. export rankings. Iraq is now the ninth largest overseas market for U.S. agricultural products, and continues as the largest market for U.S. rice. The program provided guarantees for a wide range of commodities including dry beans, corn starch products, cotton, feed grains, hides and skins, leather, planting seeds, protein concentrates, protein meals, rice, soft drink concentrate, sugar, tallow, vegetable oils, wheat, wheat flour, wool, and yeast. Exporters registered sales exceeding 99 percent of the $1051.6 million GSM-102 allocation as well as $38.4 million of GSM-103 intermediate credit guarantees. The Iraq program also provided coverage of ocean freight for Commodity and Freight sales.

4. Jamaica - Jamaica's $72 million GSM-102 program helped that country with badly needed imports during a time of natural disaster. In the aftermath of Hurricane Gilbert, which struck in September 1988, Jamaica was able to purchase commodities in short supply, such as lumber for housing reconstruction, poultry, and soybean meal with GSM-102 credit guarantee financing.

5. Mexico has the largest GSM-102 program. The GSM-102 program for Mexico showed continued success in promoting sales of a wide variety of U.S. agricultural products. Total allocations for fiscal year 1989 reached $1,139.5 million. Over 99 percent had been registered by U.S. exporters at the end of the fiscal year. Commodities exported under the GSM-102 program include oilseeds, wheat, feed grains, dry edible beans, nonbreeder livestock, protein meals, hides and skins, planting seeds, vegetable oils, tallow and greases, rice, and wood pulp.

6. Pakistan - Export Credit Programs Open U.S. Wheat Market and Maintain Vegetable Oil Market. In fiscal year 1989, Pakistan bought $49 million worth of U.S. wheat under the GSM-102 credit guarantee program, the first in four years. Pakistan also continues as the the United States' largest vegetable oil export market. Pakistan purchased $180 million worth of U.S. vegetable oil -- $80 million under P.L. 480, Title I and $97 million under the GSM-102 Credit Guarantee Program.

7. Senegal - The GSM-102 Credit Guarantee Program helped to build markets for U.S. rice exports again this year. The availability of credit guarantees has complemented the U.S. Rice Council efforts and helped U.S. rice compete with Asian rice throughout West Africa. In addition, Senegal's P.L. 480 program has aided in building a market for long-grain rice, rather than the broken rice traditionally imported. Since the GSM-102 program for rice was initiated in fiscal year 1988, U.S. rice programs to Senegal have increased fivefold, from $4.5 million in fiscal year 1987 to $22 million in fiscal year 1989.

8. Trinidad and Tobago - In the face of economic constraints in Trinidad and Tobago, U.S. exporters were able to maintain sales of agricultural commodities with the help of a $62 million export credit guarantee program. Trinidad and Tobago's GSM-102 credit guarantee program increased from $10 million in fiscal year 1988 to $62 million in fiscal year 1989.

9. Turkey - Rapid Allocation of GSM-102 Credit Guarantees Facilitates U.S. Wheat, Rice and Feed Grains Exports. In response to a major crop failure, Turkey increased their wheat imports dramatically. An additional $50 million in GSM-102 credit guarantees was programmed--increasing the total guarantees available to $145 million. This was a major increase above the fiscal year 1988 program which utilized only $13 million of credit guarantees.

10. Venezuela - Strong response to the $300 million GSM-102 program for Venezuela. Exporters registered sales for all $300 million in credit guarantees made available for fiscal year 1989 within six weeks of the program announcement.

CCC Intermediate-Term Export Credit Guarantee Program (GSM-103). The Food Security Act of 1985 specifies that not more than $1 billion of CCC intermediate term export credit guarantees be made available in fiscal years 1989 and 1990. The GSM-103 program provides 3 to 10 year credit guarantees, and is designed to help developing nations make the transition from concessional to cash sales. Fiscal year 1989 was the third full year of program operation, and $496.9 million of credit guarantees was made available. Sales registrations amounted to $425.5 million, 45 percent expansion in one year. Based on guarantees approved, wheat and feed grains represent the major commodity groupings included in the program.

1. Jordan Purchase of Grains Increased. Because of poor weather conditions, Jordan increased their purchases of wheat, rice, and feed grains to $65 million under their fiscal year 1989 GSM-103 intermediate credit guarantee program.

2. Morocco - GSM-103 Intermediate Credit Guarantees Maintain Market Share for U.S. Wheat. Morocco registered sales of U.S. wheat valued at $97.3 million in fiscal year 1989 under CCC's GSM-103 Intermediate Credit Guarantee Program. The extended financing terms offered under the program enabled the U.S. to maintain market presence in an important EC wheat market.

3. Mexico GSM-103 Utilized to Import Corn, Dry Beans and Protein Meals. In fiscal year 1989, Mexico increased the range of commodities financed under the program using $121.8 million of the $135 million in GSM-103 intermediate export credit guarantees available.

4. Sri Lanka- U.S. Wheat Market Expands as a GSM-103 Program is Initiated. In fiscal year 1989, an intermediate credit guarantee program for $35 million for sales of U.S. wheat to Sri Lanka was announced for the first time. The Sri Lankan's registered over 70 percent of the $35 million allocation. The GSM-103 program, along with the P.L. 480 program, increased U.S sales of wheat and helped alleviate the critical food situation in Sri Lanka brought on by drought, floods and civil unrest.

The Export Enhancement Program (EEP) GSM-500. This program was initially announced by USDA in May 1985, and extended by the Food Security Act of 1985 and the Omnibus Trade and Competitiveness Act of 1988.

The program was developed to achieve three primary objectives: to regain overseas markets for U.S. agricultural commodities; to challenge unfair trading practices of competitor countries; and to encourage trading partners to negotiate seriously on reform of world agricultural trade.

Since EEP was initiated in 1985, 105 initiatives have been announced with 65 countries as of September 30, 1989. Over 74 million tons of commodities have been sold, including roughly 66 million tons of wheat and wheat flour (grain equivalent), 6.5 million tons of barley, 73,000 tons of semolina, 219,000 tons of barley malt (grain equivalent), and 191,000 tons of rice. In addition, 160,000 tons of frozen poultry, 437 million table eggs, 487,000 tons of vegetable oil, 319,000 tons of sorghum, 189,000 tons poultry feed and about 70,000 dairy cattle have been sold. Sales were nearly $8.6 billion by the end of fiscal year 1989.

The EEP has been exceedingly important as an instrument for maintaining the U.S. share of markets where unfair trade practices prevail. In fiscal year 1989, EEP sales represented over 7 percent of U.S. agricultural exports.

CCC Direct Sales of Surplus Dairy Products. Fiscal year 1989 direct sales volume totaled over 84,0000 metric tons (MT) of butter and butteroil (butter equivalent basis) for a value of $137 million. This sales volume for CCC butter/butteroil is the largest since fiscal year 1981 and reflects the highest sales prices received for butter/butteroil this decade. Major buyers in fiscal year 1989 have been the Soviet Union, Mexico, Brazil, Iraq, and Jamaica. The Food Security Act of 1985, Section 1163 required that in each of fiscal years 1986 through 1988, CCC export not less than 150,000 MT of CCC-owned dairy products. The Hunger Prevention Act of 1988 extended the CCC direct dairy sales mandate through fiscal year 1990. Over the four year period from fiscal year 1986 through fiscal year 1989, CCC has sold for export a total of 556,000 MT of CCC-owned dairy products with a value of $515 million. The CCC exceeded the 150,000 MT mandate in fiscal years 1986 and 1987. The three year average (fiscal years 1986-1988) also exceeded the mandate and the four year average (fiscal years 1986-1989) is 139,000 metric tons.

PUBLIC LAW 480 - FOOD AID AND MARKET DEVELOPMENT

STATUS OF PROGRAM

The General Sales Manager is responsible for policy formulation and program administration for the Department of Agriculture in those Public Law 480 activities for which the Department has been assigned major responsibility. Generally, the Department has primary programming responsibility for the Title I concessional sales program, and the Agency for International Development (AID) has comparable responsibility for the Title II donations program. Title I operational activities are also the responsibility of the Department, while Title II operational activities are the joint responsibility of the Department and AID. The Food Security Act of 1985 reauthorized and added new activities to the P.L. 480 program.

Title I Programming. During fiscal year 1989, Title I programs were carried out with 24 countries, with an estimated export market value of $638 million.

1. Cote d'Ivoire -- New Title I Program Opens Rice Market to U.S. The U.S. presence in the Cote d'Ivoire rice market has been extremely limited since 1986 because of the Government of Cote d'Ivoire's import licensing procedures. However, on June 23, 1989, the Government of Cote d'Ivoire signed a $5.0 million P.L. 480, Title I, agreement for approximately 18,000 metric tons of white rice. We expect that the provision of milled rice under the Title I program will encourage the Government of Cote d'Ivoire to issue import licenses for commercial purchases of U.S. brown rice in order to rejuvenate their milling industry. The Rice Council anticipates that U.S. sales of brown rice in Cote d'Ivoire could reach 60,000 metric tons annually.

2. El Salvador - Title I program supports screwworm and fruit fly eradication efforts. El Salvador received wheat, wheat flour, edible vegetable oil, and tallow under their $40 million fiscal year 1989 P.L. 480, Title I program. Local currencies generated from the agreement will assist the people of El Salvador through self-help measures which improve economic and agricultural growth as well as support the eradication of the screwworm and fruit fly.

3. Sri Lanka - Title I Provides U.S Wheat from the Food Security Wheat Reserve to meet critical food needs. U.S wheat exports to Sri Lanka were increased under the fiscal year 1989 P.L. 480, Title I program in order to help alleviate the critical food situation in Sri Lanka brought on by three years of drought, floods and civil unrest in the country. An additional $20 million was provided above their initial allocation to Sri Lanka from the Food Security Wheat Reserve.

4. Jamaica - The first P.L. 480, Title I agreement for wood products signed. Jamaica's $40 million P.L. 480, Title I agreement covered wheat, wheat flour, rice, corn, and sorghum, and for the first time under P.L. 480, wood products with a market value of $5 million.

5. Tunisia - Effect of Tunisia's drought was staved off again this year through Title I and Section 416 assistance. Tunisia's Title I program and GSM-102 credit guarantees combined helped to maintain markets for U.S. feed grains against stiff European competition. Moreover, sorghum exported under Section 416 is developing a market for future sales of U.S. sorghum.

Title III Programming. During fiscal year 1989, Title III agreements were signed with Bangladesh and Bolivia with an export market value of $97 million. Funds generated through Title III programs are used within the participating country for projects such as foodgrain storage facilities, research and extension, or small farm irrigation systems. The program also encourages countries to undertake major policy adjustments, such as expanding private bank credit in rural areas or phasing out consumer food subsidies.

1. Bangladesh - P.L. 480 Increases Sales of U.S. Wheat. Due to drought and floods which hit Bangladesh in late 1988, Bangladesh was faced with a severe food shortage. The United States responded to Bangladesh's situation by programming an additional $20 million under their fiscal year 1989 P.L. 480, Title III, program to purchase U.S. wheat. This increased their program to $80 million in total -- $58 million in wheat, $12 million in cotton and $10 million in rice.

2. Bolivia - P.L. 480 Title III Agreement goes into fourth year and now totals $77 million. Title III projects currently underway in Bolivia include loans to small farmers for livestock production and marketing credit, strengthening of producer organizations, construction of houses for flood victims, and control of communicable diseases, particularly malaria.

Title II Programming. During fiscal year 1989, the United States donated through the Title II program 2.1 million metric tons, on a grain equivalent basis, of food commodities valued at $472 million (excludes ocean and internal transportation costs) to malnourished people in 70 countries. Of this amount, at least 1.6 million tons were provided to the regular feeding activities of the private voluntary organizations, the World Food Program, and bilateral agreements. Title II donations to the World Food Program contributed to the biennial U.S. pledge of $250 million, as well as the U.S. contribution to the International Emergency Food Reserve.

Title II donations consist primarily of wheat and feed grains and their products. Other donated commodities included vegetable oil, rice, pulses, processed foods, and soy-fortified products. These latter commodities supply needed caloric and protein benefits to vulnerable groups in keeping with the nutritional objectives of the Title II Program.

During fiscal year 1989, the four largest recipients of emergency food aid were Sudan ($21 million), Afghanistan ($20 million), Ethiopia ($13 million), and Lebanon ($12 million).

Food Aid Convention. Food assistance provided through both the Title I/III and Title II programs of P.L. 480 contributes to meeting the annual U.S. pledge of 4.47 million metric tons of foodgrains to the Food Aid Convention of the International Wheat Agreement. This pledge was exceeded again in fiscal year 1989.

SECTION 416 (b) OF THE AGRICULTURAL ACT OF 1949

Under Section 416(b) authority, slightly more than 1.0 million metric tons of CCC-owned commodities were approved for donation overseas during fiscal year 1989. Sorghum represented 60 percent (615,000 metric tons), corn 30 percent (400,000 metric tons), and frozen butter (4,500 metric tons) one percent of the total donation approvals.

1. Mexico - Supplementary Feeding Programs Meet Emergency Health and Drought Needs. In fiscal year 1989, five Section 416(b) agreements were signed with organizations in Mexico--four private voluntary organizations and the government social welfare agency, National System for the Integrated Development of the Family (DIF). The PVO's with which agreements were signed were CARE, SHARE, Christian Outreach Appeal, and International Partnership for Human Development. These agreements provided for 252,000 metric tons of sorghum for use in school feeding programs and general distribution to the poor. Some of the sorghum was monetized and the generated currency used for commodity transportation, storage and distribution, maternal child health programs and drought relief to the rural poor.

2. Jordan - A Potential New Market for US Sorghum. During fiscal year 1989, a Section 416(b) agreement with Jordan was signed for the export of 236,000 metric tons of sorghum with an estimated value of $26.0 million. Jordan is experiencing foreign exchange deficits while at the same time trying to increase its per capita consumption of red and white meat. Generated currencies will be used to develop Jordan's agricultural infrastructure. Although initially viewed with some skepticism by the Jordanians, this first ever donation of American sorghum now has their support and enhances future market potential.

3. Poland - United States Food Aid Enhances Cooperation in the Public/Private Sectors. In response to the American Aid for Poland Act of 1988 which provides for 8,000 metric tons of food aid per year for the period 1988-92, the United States developed and signed a Section 416(b) agreement providing 16,000 metric tons of food aid covering the years 1988-89 and a novel Joint Commission agreement composed of representatives of both governments and the Polish private sector. The Joint Commission will receive local currencies generated from the sale of the donated commodities. These currencies will be provided to agreed upon projects for humanitarian assistance and economic development through the enhancement of the private sector, mainly in rural areas.

THURSDAY, MARCH 1, 1990.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

WITNESSES

RICHARD T. CROWDER, UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

DUANE ACKER, ADMINISTRATOR, OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

JOHN A. MIRANDA, ASSISTANT ADMINISTRATOR FOR ADMINISTRATION

EMORY H. BEVILL, III, BUDGET OFFICER

STEPHEN B. DEWHURST, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

Mr. WHITTEN. We turn now to Mr. Duane Acker, of the Office of International Cooperation and Development.

OPENING REMARKS

Mr. CROWDER. Mr. Chairman, I won't take a lot of Duane's time, but I did want to say that, as you can tell from his resume, we're very pleased to have him on board.

He has been on board almost four weeks now, so he is a real expert in these matters. No, he's a quick study and is prepared to address the issues and questions that you have.

Mr. WHITTEN. I think his predecessor deserves one more comment in the record. Some years ago, Joan Wallace asked me to recommend, so I did, and that was when Mr. Reagan came into office.

I recommended her for the position, so I told them Mr. George Mahon of Texas, our former Chairman, was a strong supporter of hers. They wrote me back that they didn't have a place for Mr. Mahon, but they'd keep his name on the list and help him if they could. I wrote them back and told them I didn't think he'd be interested.

We're glad to have you, and we'll be glad to have any biographical sketch included in the record. We'll be glad to hear from you.

[CLERK'S NOTE.—Biographical sketches appear on pages 355 through 357.]

ADMINISTRATOR'S STATEMENT

Dr. ACKER. Thank you, Mr. Chairman. It's a pleasure to appear before the committee, and I appreciated the opportunity to meet with you in your office yesterday and to renew my acquaintance with Mrs. Smith and to meet Congressman Skeen this afternoon.

It's been some years since I appeared before this committee on behalf of agricultural research, and it's a pleasure to represent the Office of International Cooperation and Development of the U.S. Department of Agriculture.

You have a written statement, and I'll be brief in my oral comments. Perhaps I should take this opportunity to acquaint you with me and why I was pleased to join this office in the U.S. Department of Agriculture.

I'm a native of western Iowa. I've had most of my career at five midwestern land grant universities: Iowa State, Oklahoma State, Kansas State, Nebraska and South Dakota Universities. I would emphasize that these are states that depend very heavily on exports, the topic that you've been discussing. These states have more production potential than they're using.

I also happen to be the fourth generation owner of a family farm in western Iowa and, with the help of three neighbors, raise corn and soybeans.

So my motivations mesh very closely with the work of the U.S. Department of Agriculture, especially the Foreign Agricultural Service and the Office of International Cooperation and Development.

Before joining OICD, I spent the previous three and a half years handling food and agriculture items for the Agency for International Development. In the last year this was on a part time basis, and I spent most of that year back on the Kansas State campus teaching a course in international agriculture to undergraduate and graduate students.

Yes, my motives in joining OICD are to assist President Bush, Secretary Yeutter, the entire Department of Agriculture and other Federal agencies in helping U.S. agriculture be competitive in this global economy, and especially to facilitate the increased export potential that results from economic growth in the third world countries. My major motives fit the major missions of OICD.

ASSISTANCE TO U.S. AGRICULTURE

The first is to help U.S. agriculture, through the total Department of Agriculture and other collaborators, be totally competitive in production efficiency, product quality and dependability of supply.

We're in a global market with intense and increasing competition. U.S. leadership in agricultural technology and the genetic improvement of plants and animals has been a major help in our ability to compete globally.

When I began my career as an animal scientist, probably 75 percent of the global investment in agricultural research and extension was in the United States, led by appropriations from Congress and State legislatures.

We in the United States were, for many years, the undisputed leader in agricultural technology. Today, it's estimated that about only 25 percent, and maybe less, of the global investment in agricultural research and extension is in the United States.

Investments, and therefore the ability to compete, have increased around the world, and that's part of our global competition.

How do we address this in OICD, in concert with the balance of USDA, and the land grant universities and other collaborators?

We do this through germ plasm and scientist exchanges, joint or collaborative research programs on mutual problems, and research financed by U.S.-owned foreign currency.

ECONOMIC DEVELOPMENT

The second major mission, very closely related to the first, is to help in the economic development of third world and middle-income countries, to increase family incomes and purchasing power.

This is clearly an effort that yields mutual benefit to those developing countries and to U.S. agriculture.

Data from USDA's Economic Research Service clearly show that, in those less developed countries where incomes have increased, the demand for more and higher quality food creates a larger global demand for agricultural commodities in which the U.S. export market can share.

In country after country, research by the Food Policy Research Institute here in Washington indicates that, in those cases where family income is $200 to $500 a year—and there are a lot of those countries—if you were to increase family income a dollar, 60 cents of that dollar would be spent on more food or higher quality food.

In addition, in most of these countries, agriculture happens to be the starter engine for economic development, because it employs 50 to 85 percent of the people that work.

We intend to carry out the second major mission by helping the U.S. Agency for International Development staff development projects; by arranging training for young scientists, extension workers, and teachers at U.S. universities and in U.S. industries, some financed by USAID, some financed by the Food and Agricultural Organization of the United Nations and development banks; and by scholarships and internships through the Middle Income Country Program, many, of course, at universities in your states.

Mr. Chairman, Mississippi State University has been a big actor in that work for more than 30 years. They are a world leader in seed technology. Louis Wise and others at Mississippi State are major actors in that area. At the University of Nebraska there is a history of work in Turkey and Morocco. Genetic exchanges in wheat have added to the capacity and the disease resistance of the wheats in Kansas and Nebraska and the rest of the Great Plains.

And, of course, at New Mexico State University, Gerry Thomas, Harold Metterson and their colleagues have long been involved in such cooperative endeavors, especially in Central and South America and in Africa.

Mr. Chairman and members of the committee, again it's been a pleasure to appear before you, and I'd be glad to respond to questions.

[CLERK'S NOTE.—Dr. Acker's statement appears on pages 358 through 368. The explanatory notes appear on pages 369 through 394.]

FOREIGN COMPETITION

Mr. WHITTEN. Thank you very much. I think you're agency is doing more good than a lot of other agencies.

I remember the time, some years ago, when we had 714 American specialists promoting agricultural development in foreign countries. That's all to the good as long as it's needed, but unless you watch these countries like hawks, they will spend their money on products that are exportable and will earn dollars, which means you're setting them up in competition with our own people.

So it requires a real art to see that your efforts go to help the people, and not to help the tradesmen that will compete with us. That's one of our problems.

If you are a wholesale grocer, you might help set people up as retailers. But we've been busy putting them in the wholesale business in competition with our own people. We're borrowing money from Japan and other countries so we can put them in business in competition with us.

How we're going to handle our national debt is a real problem. It's $3 trillion, more than any Nation in the world ever owed and two-thirds of it we built up in the last 9 years.

Now, that's not to say how much we have paid by selling off the assets of our country. It's a deadly serious situation. I'll say again you're nice people and you've done a nice job. I'm just trying to get your help.

MIDDLE-INCOME COUNTRY TRAINING PROGRAM

The fiscal year 1991 budget proposes to terminate the Middle-Income Country Training Program. How many students from what countries were selected to participate in this program during fiscal year 1989?

Dr. ACKER. In fiscal year 1989, 262 participants from 17 countries received agricultural training in the U.S. under the Middle-Income Country Training program. The countries were: Algeria, Cote d'Ivoire, Iraq, Turkey, Yugoslavia, Poland, Mexico, Venezuela, Trinidad/Tobago, Barbados, South Korea, Taiwan, Hong Kong, Guangdong Province of China, Singapore, Maylaysia, and Thailand.

Mr. WHITTEN. What students have been selected to participate in this program to date during fiscal year 1990?

Dr. ACKER. As of the end of February 1990, 58 participants from Turkey, Yugoslavia, Poland, Mexico, Venezuela, Korea, China, Thailand, Algeria, and Iraq had been selected for training programs which began in early fiscal year 1990. Additional candidates will be selected by the end of March 1990. The final number of participants in the fiscal year 1990 program will depend on the types of programs, the costs involved, and the amount of in-kind contributions available from training cooperators. The 17 countries that participated in the fiscal year 1989 program will participate in fiscal year 1990.

Mr. WHITTEN. Are the fiscal years 1989 and 1990 programs fully funded?

Dr. ACKER. Programs for fiscal years 1989 and 1990 are fully funded. Participant selection is based on funding availability. Therefore, no additional funds would be required to complete the training of the participants selected for fiscal year 1990.

Mr. Whitten. Of the approximately $1.5 million available for this program, how much is used by OICD as direct or indirect overhead?

Dr. Acker. In fiscal year 1989, $1,000,000 of the $1,492,000 was allocated for programs—the remainder was allocated for direct and indirect overhead expenses.

Mr. Whitten. Please provide for the record an object classification table for the $1,473,000 that was available for the program during fiscal year 1990.

[The information follows:]

Object class	*1990 Estimate*
11 Personnel compensation	$312,000
12 Personnel benefits	64,000
21 Travel and transportation of persons	127,000
22 Transportation of things	3,000
23 Rents, communication and utilities	3,000
25 Other services	497,000
26 Supplies	4,000
31 Equipment	7,000
41 Grants, subsidies and contributions	456,000
Total	1,473,000

OTHER SERVICES

Mr. Whitten. Please provide for the record a sub-object classification breakdown for the Other Services account similar to the one you provided last year.

[The information follows:]

25—OTHER SERVICES	1989		1990 estimate	1991 estimate
	Estimate	Actual		
2512—NFC Service	$10,120	$6,524	$6,942	$3,819
2513—WCF equipment use	75	48	51	28
2517—Design center	1,360	1,317	1,402	771
2518—Video and film center	300	481	511	281
2520—Personnel related expenses	940	825	877	483
2521—Temp storage household	1,200	752	801	440
2523—Training tuition	823,920	525,051	408,601	187,956
2524—Security investigation	340	266	283	156
2530—Repair and maintenance	7,200	5,546	5,900	3,245
2540—Contractual services	27,000	21,148	172,499	94,874
2550—Agreements	19,600	59,690	63,504	34,927
2554—Research	8,200	6,512	6,928	3,810
2559—Agreements other	295,000	227,811	242,367	114,199
2560—ADP services	30	20	21	11
2570—Miscellaneous services	61,500	47,850	50,907	27,426
2575—Travel related expenses	4,200	3,330	3,543	1,949
2580—Fees	15	8	9	5
2590—Distributed O/H	61,000	31,821	33,854	18,620
Total	1,322,000	939,000	999,000	493,000

Mr. Whitten. Last year you estimated you would need $367,000 for contractual services. What are these funds to be used for and what is your current estimate?

Dr. Acker. The amount includes funds for research, engineering contracts, ADP on-line data retrieval and for contractual services related to Operation FAST. The current estimate for fiscal year 1990 is $172,499.

TRAVEL

Mr. WHITTEN. For fiscal year 1991 you are requesting $284,000 for travel costs. This is a very significant reduction in your annual travel budget and would appear to be a reduction greater than just the loss of the Middle-Income Country Training Program. Would you please describe why the travel funds request is dropping?

Dr. ACKER. The decrease is the result of the elimination of the Middle-Income Country Training and Foreign Currency programs and a decrease in other program areas for travel.

Mr. WHITTEN. Please provide for the record a list of all travel outside the 48 continguous states during fiscal year 1989, indentifying the traveler, places visted, purpose of the travel, and the cost of each trip.

[The information follows:]

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT OCTOBER 1988

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
DELGADO, Andres	Agribusiness Specialist	10/23-10/29	*AID	Reimbursable	PSR	Guatemala	Perform preliminary work for a business opportunities mission.
GUROFF, Avram	Assistant Administrator	10/01-10/12	*STATE		IOA	Brazil	Attend the FAO Regional conference for Latin America.
HAMER, David	Acting Assistant Administrator	09/06-09/13	*New Taiwanese Dollars		IRD	Taiwan	Review the administrative procedures for the proposed future cooperative research project.
			OICD	$ 250			
HUGHES, Richard	International Affairs Specialist	10/01-10/06	OICD	$1,100	STC	Mexico	Discuss agricultural scientific and technical cooperation and joint publicity.
LYNCH, Linda	Program Leader	09/25-10/05	*AID	Reimbursable	TA	Guatemala	Discuss Latin American and Caribbean technical assistance programs.
						Honduras	Consult with AID officials.
MARKS, Howard	Associate Administrator	10/28-11/07	*New Taiwanese Dollars		IRD	Taiwan	Review Special Foreign Currency projects.
PEUSE, Gene	Training Specialist	09/10-10/19	*AID	Reimbursable	IT	Kenya Tanzania	Prepare a country training strategy paper.
						Zambia	Evaluate a USAID agriculture project.
STEVENSON, James	Training Specialist	09/25-10/11	*AID	Reimbursable	IT	Peru	Provide training options for both academic study in the U.S. and short course work in country.
		10/15-10/24	*AID	Reimbursable	IT	The Gambia	Assist with procedures necessary to prepare agricultural students for study in the U.S.
TOULOU, Tracy	Training Technician	10/15-10/24	*AID	Reimbursable	IT	The Gambia	Assist with procedures necessary to prepare agricultural students for study in the U.S.
WETMORE, Patricia	Technical Information Specialist	10/12-11/10	*AID	Reimbursable	INFO	Kenya Botswana Zambia	Perform agricultural information needs assessment.

* No cost to OICD or USDA

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT NOVEMBER 1988

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
DENNEY, Wayne	International Relations Advisor	11/02-11/03	OICD	$ 500	IOA	Canada	Participate in Canadian/U.S. consultations.
ESCH, David	Training Specialist	11/09-12/19	AID	* Reimbursable	IRD	Yemen Pakistan	Assist missions in participant training issues.
FERGUSON, Donald	Agricultural Economist	10/30-11/18	AID	* Reimbursable	TA	Bangladesh	Represent USDA in 1988 annual assessment of the PL-480 Title III program and discuss technical assistance with personnel.
GUROFF, Avram	Assistant Administrator	10/31-11/03	OICD	$ 700	IOA	Canada	Attend Canadian Consultation and Camberley Group Meeting.
McGAHUEY, Michael	Natural Resources Advisor	11/02-11/22	AID	* Reimbursable	TA	Mali	Prepare an action plan for conserving natural resources.
McDAVID, Elizabeth	Training Specialist	11/03-11/21	AID	* Reimbursable	IT	Somalia	Prepare country training strategy.
MARKS, Howard	Associate Administrator	10/29-11/05	New Taiwanese Dollars		IRD	Taiwan	Review special foreign currency research projects.
			OICD	$ 250			
NEMETH-EK, Maria	Agribusiness Specialist	10/10-10/15	JACC (Dominican Organization)	* Reimbursable	PSR	Dominican Republic	Conduct and coordinate business opportunity mission for potential U.S. investors and businessmen.
PEUSE, Gene	Training Specialist	11/03-11/21	AID	* Reimbursable	IT	Somalia	Prepare country training strategy.
SPINK, Linda	Training Specialist	11/13-12/09	AID	* Reimbursable	IT	Somalia	Conduct a management skills workshop for project development staff.

* No cost to OICD or USDA

WALKER, James	Assistant Administrator	11/06-11/11	IICA (Costa Rican Organization)	* Reimbursable	IRD	Costa Rica	Discuss tropical agriculture.
		11/12-11/24	Indian Rupees		IRD	India	Discuss aquaculture research for the year 2000.
			OICD	$ 900			
WITCHER, Max	International Affairs Specialist	11/02-11/04	OICD	$ 500	IOA	Canada	Participate in Canadian/U.S. consultations.

* No cost to OICD or USDA

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT DECEMBER 1988

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
BUTCHER, James	Program Leader	12/12-12/16	AID	* Reimbursable	IRD	Antigua	Plan operational details of research for the Bont Tick project and initiate an economic impact analysis.
CROSSAN, Bruce	Technical Assistance Specialist	**11/27-12/11	AID	* Reimbursable	TA	Kenya	Coordinate administration for the Forestry Support Program sponsored Tree Seed Technology short course.
DELGADO, Andres	Agribusiness Specialist	**11/29-12/04	AID	* Reimbursable	PSR	Guatemala	Coordinate a business opportunities mission.
DENNEY, Wayne	International Relations Advisor	**11/13-11/26	STATE	*	IOA	Italy	Serve as an alternate delegate to FAO Council.
GUROFF, Avram	Assistant Administrator	**11/13-11/18	OICD	$ 1,700	STC	Ireland	Lead mission to gather information for a joint venture in food and fiber processing.
HINOJOSA, Raul	Livestock Specialist	**11/12-11/19	AID	* Reimbursable	TA	Haiti	Evaluate progress of studies on sugarcane feeding trails.
		12/06-12/11	AID	* Reimbursable	TA	Barbados Antigua	Evaluate Tropical Bont Tick project.
						Ecuador	Evaluate milk replacer project to determine the project's future direction.
QUINLAN, Mary	Agribusiness Specialist	**11/28-12/17	AID	* Reimbursable	PSR	Guatemala	Continue inspection program for fruits and vegetables.
						Costa Rica	Coordinate Seaports Conference for 1989.
STEELE, Howard	Agricultural Economist	12/05-12/17	AID	* Reimbursable	TA	Ecuador	Evaluate the future direction of a milk replacer project.

* NO COST TO OICD OR USDA
** Was not reflected on November report

STEINBOCK, Martha	International Affairs Specialist	**11/12-11/21	OICD	$ 2,000	STC	Ireland	Gather information for a joint venture i food and fiber processing.
WALKER, Jerry	Veterinarian	**11/30-12/19	Egyptian Pounds		IRD	Egypt	Discuss current and proposed agriculture research projects.
			OICD	$ 250			
WALLACE, Joan	Administrator	12/17-12/21	OICD	$ 2,900	IOA	France	Participate in the World Food Council consultations.

* NO COST TO OICD OR USDA
** Was not reflected on November report

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT JANUARY 1989

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
AANENSON, Charles	Training Specialist	01/05-02/11	OICD	$6,900	IT/MIC	Poland Thailand China	Discuss agricultural training programs available in the U.S. for better utilizatio of U.S. agricultural products.
						Hong Kong Korea	Select candidates for agricultural training programs in the U.S.
BROWN, Jerry	Agribusiness Specialist	01/08-01/13	Government of Bahamas	*	PSR	Bahamas	Lead an agribusiness investment mission to the Bahamas.
CURRAN, Jean	Training Specialist	01/06-02/03	OICD	$6,500	IT/MIC	Taiwan Malaysia Singapore China	Select candidates for agricultural training programs in the U.S.
ISMAN, Patricia	Project Management Specialist	01/08-01/28	AID	* Reimbursable	TA	Malawi	Clarify program administration matters with staff and attend symposium.
LEWIS, Roger	International Relations Advisor	01/15-01/19		*	IO/	Japan	Meet with the U.S. Agricultural Counselor, Ministry of Agriculture and Japan International Cooperative agency to strengthen relations and discuss IFAD 3RD replenishment status.
McDAVID, Elizabeth	Training Specialist	01/08-01/25	AID	* Reimbursable	IT	Guinea The Gambia Cote d'Ivoire	Discuss participant training programs available in the U.S.
MENG, Erica	International Affairs Specialist	01/14-02/11	OICD	$3,361	STC	China Thailand	Meet with Ministry of Agriculture officials to negotiate Scientific and Technical Cooperation exchange programs for 1989.
MITCHELL, Arlene	Technical Assistance	01/15-01/31	FAS	*	TA	Cote d'Ivoire Kenya	Serve as member of advance team for a Trade and Development mission.

* No cost to OICD or USDA

RURIVEDT, Richard	International Affairs Officer	01/21-02/05	OICD	$3,861	STC	Japan China Thailand	Meet with officials of the Ministries of Agriculture to negotiate Scientific and Technical Cooperation exchange programs in 1989.
SANDENO, Karen	Training Technician	** 12/14-12/24	OICD	$3,600	IT/MIC	Cote d'Ivoire	Select candidates for agricultural training programs in the U.S.
STEINBOCK, Martha	International Affairs Specialist	01/28-02/01	OICD	$1,300	STC	Netherlands	Participate in the U.S.-Netherlands Executive Secretaries Meeting to plan cooperative activities for 1989.
WILLIAMS, Junko	Program Assistant	01/08-01/28	AID	* Reimbursable	TA	Malawi	Provide technical assistance in establishing administrative systems for workshop coordination and tracking.

* No cost to OICD or USDA
** Not reflected on December report

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT FEBRUARY 1989

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
AFFLECK, Richard	Program Director	02/17-02/26	AID	* Reimbursable	TA	Morocco	Participate in agricultural and rural development conference.
BARRETT, Fred	Food Technologist	** 01/03-01/17	AID	* Reimbursable	TA	Sierra Leone	Introduce solar cooker applied technology, training and production.
BOOTH, Gregory	Natural Resource Management Specialist	02/08-03/08	AID	* Reimbursable	TA	Madagascar	Evaluate and devlope biodiversity/tropical forestry projects
DALYRMPLE, Dana	Agriculture Economist	02/11-02/17	FAO		TA	Italy	Attend Agricultural meeting at FAO.
ESCH, David	Training Specialist	** 01/29-03/03	AID	* Reimbursable	IT	Nepal India Pakistan	Discuss processing of training in the U,S. for participants.
GARBINSKY, Greg	Program Leader	02/04-02-11	AID	* Reimbursable	TA	Senegal	Present Chad Locust Campaign materials at the Grasshopper/Locust Conference.
HARLAN, Philip	Training Specialist	** 01/29-02/25	AID	* Reimbursable	IT	India Turkey	Discuss Agricultural training programs available in the U.S. and brief officials on the 1989 selection procedures and regulations.
HINOJOSA, Raul	Livestock Specialist	** 01/01-03/01	AID	* Reimbursable	TA	Haiti	Provide technical expertise on tropical forage crops in soil and on water conservation.
ISMAN, Patricia	Project Management Specialist	02/14-02-28	AID	* Reimbursable	TA	Morocco	Design and facilitate an agriculture and rural development officers' conference.
McDAVID, Elizabeth	Training Specialist	02/11-03/0	AID	* Reimbursable	IT	Mali	Evaluate private sector agricultural activities.

* No cost to USDA or OICD

** Not reflected on January 1989 Report

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Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
STEVENSON, James	Program Leader	02/11-02/18	Polish Zlotys		IRD	Poland	Negotiate new and prospective foreign currency funded projects.
			OICD	$250			
WALKER, Jerry	Veterinarian	02/11-02/18	Polish Zlotys		IRD	Poland	Negotiate new and prospective foreign currency funded projects.
			OICD	$250			

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT MARCH 1989

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
ABBOTT, Mark	Research Manager	03/24-04/07	AID	* Reimbursable	IRD	Egypt Israel	Revise technical workplan and budget of the Trinational Animal Health Research Proposal.
BOOTH, Gregory	Natural Resource Management Specialist	02/12-03/03	AID	* Reimbursable	TA	Madagascar	Evaluate and develop biodiversity and tropical forestry projects.
FREEMAN, Theodore	Agribusiness Specialist	03/14-03/18	OICD	$ 900	PSR	Jamaica	Identify potential agribusiness projects.
		03/27-03/30	OICD	$1,300	PSR	Guyana	Identify potential agribusiness projects.
GALLAGHER, Neil	International Relations Officer	03/20-03/22	OICD	$ 300	IOA	Italy	Meet with officials of various world food groups.
GUROFF, Avram	International Affairs Administrator	03/08-03/15	OICD	$3,500	IOA	Cyprus Sweden	Attend World Food Council. Attend Camberly Group meetings.
LYNCH, Linda	Program Leader	03/05-03/18	AID	* Reimbursable	TA	Honduras Guatemala	Inspect ongoing projects and future technical assistance needs.
McGAHUEY, Michael	Forester	03/03-03/24	AID	* Reimbursable	TA	Niger	Develop a natural resource component in the agricultural sector.
MEZAINIS, Valdis	Research Administrator	03/13-03/24	New Taiwanese Dollars		IRD	Taiwan	Review aquaculture research projects for benefit to U.S. industry.
			OICD	$ 250	IRD		
PEUSE, Harlan	Training Advisor	02/11-03/06	AID	* Reimbursable	IT	Sudan Kenya Tanzania	Meet with interested parties on agricultural training opportunities in the U.S.

* NO COST TO USDA OR OICD

QUINLAN, Mary	Agribusiness Specialist	**	02/12-03/08	OICD	$ 700	IOA	Guatemala	Discuss Inter-American cooperative agriculture programs and budgets.
				AID	* Reimbursable	PSR	Costa Rica	Discuss Inter-American cooperative agriculture programs and budgets.
PRIDDY, Veronica	Training Specialist		03/12-04/15	AID	* Reimbursable	IT	Somalia	Teach management training course.
							Kenya	Meet with officials and other interested parties pertaining to course programs.
RAVER, Linda	Technical Assistance Specialist		03/31-4/22	AID	* Reimbursable	TA	Indonesia	Review Upland Agriculture Conservation Project.
							Pakistan	Review Vertebra Pest Management Project.
SEAMON, Mary	International Affairs Specialist		03/03-03/08	OICD	$1,500	STC	France	Participate in U.S.-France scientific and technical exchange discussions.
SPINK, Linda	Training Specialist	**	02/11-02/15	AID	* Reimbursable	IT	Italy	Facilitate meeting pertaining to design of Locust Workshops to be held in Niger.
TOLBERT, Jane	Training Specialist		03/08-03/18	AID	$1,600	IT	Mexico	Meet with country officials and implement 1989 Cochran Middle Income Country Program.
TWEED, Susan	Training Specialist		03/08-03/25	OICD	$2,100	IT	Barbados Trinidad Venezuela	Interview 1989 Cochran Middle Income Countr participants and evaluate 1988 programs. Me with Agricultural Trade Officers and Cooperators.
WALKER, Jerry	Veterinarian	**	02/27-02/28	OICD	* Reimbursable	IRD	Thailand	Assess economic impact of agricultural technology transfer subprojects in aquaculture and livestock diseases.
WALLACE, Joan	Administrator		03/05-03/12	OICD	$1,500	OA	Switzerland	Participate in United Nations Economic Commission for Europe Committee on agricultural problems.
			03/14-03/18	JAMPRO (Jamaica Economic Development Ltd.)	*	PSR	Jamaica	Participate as guest speaker at agribusiness seminar.

** Not on February report

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT APRIL 1989

Traveler	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
AANENSON, Charles	Training Specialist	**03/30-04/10	OICD	$1980	IT	Poland	Interview and nominate candidates for Cochran Middle Income Country Training Program
CARTER, Eloise	Nutritionist	04/20-05/06	Indian Rupees		IRD	India	Review long term nutritional needs of young children using low cost local foods
			OICD	$ 250	IRD		
CROWLEY, Paul	Chemist	04/16-04/28	AID	*Reimbursable	TA	Bolivia	Explore possibilities of using food fortification to reduce vitamin A deficiency and explore options for loc production of nutritious food commodities
DALRYMPLE, Dana	Ag Economist	**03/13-03/19	AID	*Reimbursable	TA	MEXICO	AID observer for Technical Advisory committee on Agriculture
DALRYMPLE, Dana	Ag Economist	**03/28-04/02	FAO	*	TA	Italy	Participate in external review of the FAO Secretariat of the Technical Advisory Committee
DENNEY, Wayne	Int'l Relations	04/15-05/06	State	*	IOA	Italy	Serve as US Delegate to Commission on Plant Genetic Resources and Committee on Agriculture
FREEMAN, Theodore	Ag Economist	**03/27-04/01	OICD	$1190	PSR	Grenada	Identify potential agribusiness projects

* NO COST TO USDA OR OICD
** Not on March Report

GARBINSKY, Gregory	Ag Extentionist	04/08-05/09	AID	*Reimbursable	TA	Niger	Serve as course coordinator for two workshops dealing with locust control activities
GUROFF, Avram	Int'l Affairs Administrator	04/02-04/08	State	*	ICP	Italy	Attend 14th Session of Committee on World Food Security
HUGHES, Richard	Int'l Affairs Specialist	**03/28-04/01	OICD	$1075	STC	Mexico	Brief new contacts at the Directorate General of Int' Affairs & Secretariat of Agriculture/Water Resources on the 1989-1990 Scientific Technological Cooperation program
KELLY, Thomas	Int'l Relations	04/09-04/15	OICD	$1435	IOA	France	Attend Organization of Economic Cooperation and Development committee Meeti
McCLOSKEY, Ellen	Public Affairs Specialist	**03/14-03/18	JAMPRO (Jamaica Economic Development Ltd.)	$ 250	PSR	Jamaica	Participate in Jamaica Agribusiness Promotion Seminar
McDAVID, Elizabeth	Training Specialist	04/14-05/01	AID	*Reimbursable	IT	Cote d'Ivoire Mauritania	Participate in AId Training Officers workshop Assist in up-date of country training plan
MEZAINIS, Valdis	Research Administrator	04/21-05/06	OICD	$3500	IRD	Thailand	Scientific & Technical Cooperation Exchange on Pon Bottom Soil & Water Quality Management in Aquaculture
MITCHELL, Arlene	Technical Administrator	**03/07-03/18	FAS		TA	Cote d'Ivoire	Member Trade & Development Mission
STEELE, Howard	Ag Economist	04/17-05/10	AID	*Reimbursable	TA	Kenya	Examine importance of market information/crop forecasts t produce decision-making functions as part of a syste project

*NO COST TO USDA OR OICD
** Not on March Report

STEVENSON, James	Associate Program Leader	04-08/04/20	Polish Zlotys		IRD	Poland	US-Poland Joint Board Meetings and review research projects/proposals
			OICD	$ 250	IRD		
TOULOU, Tracy	Training Technician	04/11-04/24	AID	*Reimbursable	IT	Cote d'Ivoire	Participate in AID Training Officers Workshop
WALKER, Jerry	Veterinarian	**03/28-04/04	Costa Rican Colones		IRD	Costa Rica	Attend Genetic Exchange Workshop and review Epidemiology of Blue Tonug research project
			OICD	$ 250	IRD		
WALLACE, Joan	Administrator	04/20-04/29	Indian Rupees		IRD	India	Review current and proposed special foreign currency research projects
			OICD	$ 250	IRD		
YANOSKY, Gloria	Financial Analyst	04/'08-04/20	Polish Zlotys		IRD	Poland	Attend US-Poland Joint Board Meetings and review research projects and proposals
			OICD	$ 250	IRD		

* NO COST TO USDA OR OICD
** Not on March Report

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT MAY 1989

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
BROOKS, Ethel	Training Specialist	05/12-05/26	AID *	Reimbursable	TA	Costa Rica	Discuss participant training opportunities in the U.S.
						Ecuador	Attend Andean Peace Scholarships Program Conference.
BUTCHER, James	Program Leader	04/17-05/05 **	OICD	$4,300	IRD	Spain	Consult Agricultural Research Institute regarding research collaboration.
						Portugal Azores	Implement Japanese beetle supression project and confer with the Agricultural Research Institute.
CALLIER, Sandra	Management Specialist	05/12-06/12	AID *	Reimbursable	TA	Guatemala	Assist in a management assessment of a private enterprise project.
CROWLEY, Paul	Chemist	04/23-05/06 **	AID *	Reimbursable	TA	Bolivia	Recommend options for local production of nutritious food commodities to replace soy-fortified corn meal. Explore possibilities for reducing vitamin A deficiency.
DALRYMPLE, Dana	Agricultural Economist	05/23-06/05	AID *	Reimbursable	TA	Australia	Serve as member of the U.S. delegation to the Consultative Group for International Agricultural Research (CGIAR) Midterm meeting.
FREEMAN, Douglas	International Affairs Specialist	03/25-04/08 **	FAS *		Detail to FAS	Yemen Egypt	Serve as member of advance team to the Middle East for the Agricultural Trade and Development Mission.
GUROFF, Avram	Assistant Administrator	05/22-05/25	OICD	$1,500	ICP	Egypt	Attend World Food Council Ministerial meeting.
HINOJOSA, Raul	Livestock Specialist	04/10-04/22 **	AID *	Reimbursable	TA	Guatemala	Assist in livestock component of the Highlands Agricultural Development Project.

* NO COST TO OICD or USDA
** NOT REFLECTED ON APRIL REPORT

McGAHUEY, Michael	Natural Resources	05/15-05/30	AID	*	Reimbursable	TA	Mali	Represent AID at a natural resources workshop with participants from national governments, non-governmental orgnizations and donors.
EGANCK, Richard	Natural Resources Specialist	05/17-05/24	AID	*	Reimbursable	TA	Costa Rica Honduras	Discuss current and proposed natural resource management planning.
USE, Gene	Training Specialist	04/14-04/30 **	AID	*	Reimbursable	TA	Cote d'Ivoire	Serve as facilitator at a workshop for AID Training Officers.
							Kenya	Attend the DeSoto conference which will focus on training in the informal sector of the economy.
UINLAN, Mary	Agribusiness Specialist	05/08-05/27	AID	*	Reimbursable	PSR	Chile Guatemala	Evaluate quarantine and inspection systems.
PINK, Linda	Training Specialist	05/21-06/04	AID	*	Reimbursable	TA	Malawi	Conduct a workshop to evaluate the results of a 1988 course entitled Diffusion of Agricultural Research.
							Kenya	Do preliminary work for a follow-up on a natural resources course.
TEELE, Howard	Agricultural Economist	04/16-05/18 **	AID	*	Reimbursable	TA	Kenya	Review current agricultural statistical systems.
							Uganda	Review development of the rehabilitated agricultural production base.
TEVENSON, James	Program Leader	05/17-05/26	Yugoslav Dinars			IRD	Yugoslavia	Participate in the U.S.-Yugoslav Joint Board Meetings and review research projects.
			OICD	$ 250				

NO COST TO USDA OR OICD

* NOT REFLECTED ON APRIL REPORT

WALKER, James	Research Administrator	05/15-05/31	OICD BARD	$ 575	IRD	Israel	Attend the Binational Agricultural Research and Development (BARD) Fund meeting.
			Indian Rupees			India	Review the special foreign currency program.
			OICD	$ 425		Portugal	Visit Luso American Foundation.
WALKER, Jerry	Veterinarian	05/06-06/05	Yugoslav Dinars		IRD	Yugoslavia	Participate in the Yugoslav Joint Board Meetings and review special foreign currency research projects.
			AID *	Reimbursable		Israel Egypt	Discuss the Trinational Research Program.
WALLACE, Joan	Administrator	05/16-05/27	BARD *		IRD	Israel	Attend the Binational Agricultural Research and Development (BARD) Fund meeting.
			OICD	$2,300	OA	Egypt	Attend the World Food Council Ministerial meeting.

* NO COST TO USDA OR OICD

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT JUNE 1989

Traveler Name	Agency Title		Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
ABBOTT, Mark	International Affairs Specialist		06/09-06/26	AID	* Reimbursable	IRD	Israel Egypt	Revise technical workplan and budget of the Trinational Animal Health Research Proposal.
ALDRICH, Robert	Technical Information Specialist		06/14-06/25	AID	* Reimbursable	TA	Barbados Costa Rica	Perform agricultural information needs assessment.
BROWN, Douglas	Agribusiness Specialist	**	05/16-05/24	AID OICD	* $ 950	FSR	Grenada Dominica Guadeloupe	Prepared for an upcoming investment mission.
BUTLER, James	Program Leader	**	05/29-06/02	AID	* Reimbursable	IRD	Antigua Guadeloupe	Implement the economic impact analysis of t tropical bont tick.
ESCH, David	International Training Specialist		06/16-07/01	AID	* Reimbursable	IT	Philippines Sri Lanka	Assist projects in matters pertaining to selection of students for training in the U.S.
GUROFF, Avram	Assistant Administrator		06/11-06/16	IICA	*	SIC	Costa Rica	Head delegation to Inter-American Institute for Agriculture Cooperation (IICA) Board of Directors Meeting.
KOFFSKY, Peter	Technical Assistance Specialist		06/25-07/15	AID	* Reimbursable	TA	Senegal Tunisia Cote d'Ivoire Zaire	Review current and proposed projects in the agricultural sector analysis and policy.
LEWIS, Roger	International Affairs Specialist		06/03-06/09	STATE OICD	* Pan Am WorldPass	IOA	Italy	Serve as U.S. Delegate to the governing Council of the International Fund for Agricultural Development.

* NO COST TO OICD
** NOT REFLECTED ON MAY REPORT

MAYHEW, Elizabeth	International Affairs Specialist	06/26-06/30	OICD	$1,600	IRD	Spain	Interview potential fellows and post-doctorates for training in the U.S.
MARKS, Howard	Associate Administrator	** 05/16-05/21	BARD	** Reimbursable	IRD	Israel	Attended Binational Agricultural Research and Development (BARD) Board of Directors Meeting.
		06/03-06/10	OICD	$2,052	STC	Bulgaria	Serve as Co-Chairman of the Seventh Session of the U.S. Bulgarian Joint Working Group o Agriculture. This group establishes scientific and technical exchanges.
McAPLINE, John	International Affairs Specialist	06/01-06/15	OICD	$3,300	STC	Bulgaria Germany (GDR)	Work on current and proposed scientific and technical exchanges.
McDAVID, Elizabeth	International Training Specialist	06/01-06/14	AID	* Reimbursable	IT	Niger	Assist the training office with a needs assessment program.
						Botswana	Assist with a training workshop.
QUINLAN, Mary	Agribusiness Specialist	06/10-06/17	STATE	*	IOA	Costa Rica	Attend executive committee meeting for the Inter-American Institute for Cooperation o Agriculture.
			AID	* Reimbursable	PSR	Guatemala	Evaluate quarantine and inspection services
TOULOU, Tracey	Training Technician	** 05/09/05/21	AID	* Reimbursable	IT	Honduras Costa Rica	Provided assistance in matters related to participant training in the U.S.

* NO COST TO OICD
** NOT REFLECTED ON MAY REPORT

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT JULY 1989

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
BROOKS, Ethel	Training Specialist	07/18-08/12	AID	* Reimbursable	IT	Honduras Guatemala	Conduct a participant training systems management course.
						Belize	Assist in the design of a human resources development project and conduct pre-departure orientation for participants.
						Costa Rica	Participate in an evaluation seminar on the Central American Peace Scholarships.
DALRYMPLE, Dana	Agricultural Economist	** 06/18-06/24	AID	* Reimbursable	TA	Italy	Attended international agricultural research meeting.
DOKE, Clifford	Training Specialist	** 06/25-06/28	AID	* Reimbursable	IT	Canada	Attended meeting of agricultural engineers and served as vice-chair on a subcommittee.
FREEMAN, Ted	Director, PSR	** 06/21-06/24	AID	* Reimbursable	PSR	Belize	Discussed cooperative efforts to diversify agricultural production for agribusiness.
		07/10-07/15	AID	* Reimbursable	PSR	Mexico	Conduct seminar on quarantine treatment for tropical fruit.
HYSLOP, John	Agricultural Economist	** 06/30-08/30	AID	* Reimbursable	TA	Chad	Serve as temporary manager of three agricultural projects.
LAIDIG, Gary	Agricultural Economist	07/06-07/14	AID	* Reimbursable	TA	Barbados	Review progress on Caribbean fruit fly project.
						Mexico	Review forestry and irrigation projects.
MAYHEW, Elizabeth	International Affairs Specialist	** 06/24-07/02	OICD	$1,800	IRD	Spain	Meet with officials of the Spanish Ministry of Agriculture on the Research Associate Program and interview potential fellows and post-doctorates for training in the U.S.

* NO COST TO OICD
** NOT REFLECTED ON JUNE REPORT

McCLOSKEY, Ellen	Agribusiness Specialist	07/09-07/16	AID	* Reimbursable	PSR	Mexico	Assist with seminar on quarantine treatment for tropical fruit.
MEGANCK, Richard	Natural Resources Specialist	07/07-07/21	AID	* Reimbursable	TA	Costa Rica Guatemala	Discuss status of natural resource projects.
PEUSE, Gene	Training Advisor	07/08-07/31	AID	* Reimbursable	TA	Kenya Tanzania	Determine training needs.
QUINLAN, Mary	Agribusiness Specialist	07/07-07/19	AID	* Reimbursable	PSR	Mexico	Conduct seminar on quarantine treatment for tropical fruit.
						Guatemala	Continue work on a quarantine treatment project.
REED, Whetten	Program Leader	** 06/21-07/08	OICD	$3,500	IRD	Spain Portugal	Discussed current and proposed research projects.
RORTVEDT, Richard	International Affairs Specialist	07/17-07/21	OICD	$1,350	STC	Venezuela	Discuss future scientific and technical exchange programs.
ROMANS, Doyle	Industrial Forestry Advisor	07/10-10/07	AID	* Reimbursable	TA	Honduras	Provide technical assistance in the primary wood industry.
WALLACE, Joan	Administrator	** 06/16-06/28	STATE	*	IOA	Italy	Headed U.S. delegation to 95th Session of FAO Council.

* NO COST TO OICD
** NOT REFLECTED ON JUNE REPORT

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT AUGUST 1989

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
ABRAMS, Steve	Associate Administrator	08/13-08/25	OICD	$3,750	OA	Hong Kong	Meet with the agricultural attache and discuss international research programs.
						Thailand Philippines	Discuss international agricultural research programs.
BROWN, Douglas	Agribusiness Specialist	** 07/05-07/09	* Minority Contractors Assistance Program		PSR	Bahamas	Participate in an Agribusiness Opportunity Mission.
LYNCH, Linda	Program Leader	08/20-09/09	* AID	Reimbursable	TA	Honduras	Design and present a course to forestry instructors.
NEMETH-EK, Maria	Agribusiness Specialist	08/12-08/18	OICD	$2,300	STC	Ireland	Participate in agribusiness discussions.
McDAVID, Elizabeth	Training Advisor	08/10-08/20	* AID	Reimbursable	IT	Botswana	Facilitate a training officers workshop.
PELSE, Gene	Training Advisor	08/10-08/19	* AID	Reimbursable	IT	Botswana	Facilitate a training officers workshop.
REED, Whetten	Program Leader	08/12-08/19	OICD	$2,300	IRD	Brazil	Negotiate agricultural research agreement.
TOULOU, Tracey	Training Specialist	08/12-08/20	* AID	Reimbursable	IT	Uruguay	Discuss and assess training needs of participants.
WALKER, James	Research Administrator	** 07/25-08/02	* CATIE		IRD	Costa Rica	Represent U.S. in the Centro Agronomico Tropical de Investigacion and Ensenanza (CATIE) discussions.
			OICD	$ 700	IRD	Guatemala	Discuss current and future program needs.
WALKER, Jerry	Program Leader	** 07/26-08/11	* Yugoslav Dinars		IRD	Yugoslavia	Discuss current and future programs.
			OICD	$1,850		Hungary	Make final presidential negotiations for future agriculture science research programs.
						Thailand	Discuss current and future agricultural research programs.

* NO COST TO USDA OR OICD

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL TRAVEL REPORT SEPTEMBER 1989

Traveler Name	Agency Title	Dates of Travel	Funding Source	Cost	OICD Sponsor	Destination	Purpose
AFFLECK, Richard	Program Leader	09/15-10/13	Indian Rupees		IRD	India	Serve as acting Deputy Director for the Far Eastern Regional Research Office in New Dehli.
BROOKS, Ethel	Training Specialist	09/11-10/1	AID	* Reimbursable	IT	Chile Bolivia Uruguay Paraguay Peru	Discuss future assistance to US/AID Missions in matters related to participant training.
CALLIER, Sandra	Nutrition Specialist	09/20-12/31/90	AID	* Reimbursable	TA	Guatemala	Serve as technical backstop for child survival programs and assist in planning and implementing health strategies.
COMFORT, Robert	Technical Assistance Specialist	09/18-10/07	AID	* Reimbursable	TA	Egypt	Prepare a detailed scope of work for a computer needs assessment for the policy analysis component of an agricultural research project.
ISMAN, Patricia	Project Management Specialist	09/01-09/13	AID	* Reimbursable	TA	Malawi	Conduct a work plan seminar for top level management.
QUINLAN, Mary	Agribusiness Specialist	** 08/14-09/05	AID	* Reimbursable	PSR	Guatemala	Continue on improvement of inspection statio and update "Importers' Guide."
REIMER, David	Assistant U.S. Coordinator, ATDM	09/05-09/14	FAS	No cost OICD	P&E	Jamaica Ecuador	Serve as member of the U.S. Agricultural Trade and Development Mission (ATDM).
STEELE, Howard	Agricultural Economist	09/08-10/20	Consortium for International Development	*		Yemen	Assess the domestic agricultural marketing systems and suggest possible improvements to facilities and operations.
WALKER, Jerry S.	Veterinarian	09/13-09/30	Yugoslav Dinars		IRD	Yugoslavia	Discuss special foreign currency research projects.

** NOT REFLECTED ON AUGUST REPORT

TRAINING RETREATS

Mr. **Whitten**. During the past 12 months have any "retreats" been held for OICD employees?

Dr. **Acker**. During the past 12 months, no training retreats have been held for OICD employees.

Mr. **Whitten**. Are any "retreats" planned during the remainder of fiscal year 1990, and if so, for what purpose?

Dr. **Acker**. No retreats are planned for the remainder of fiscal year 1990.

REPRESENTATION EXPENSES

Mr. **Whitten**. In fiscal year 1989, for the first time the Committee provided you with an allowance of $3,000 for representation expenses. What use has been made of these funds to date?

Dr. **Acker**. In fiscal year 1989 funds were used to host luncheons or receptions for representatives of Gambia, Canada, Ireland, the Inter-American Institute for Cooperation on Agriculture, the World Food Council and for mementos and gifts of nominal value—the average cost of which was $8.00. In fiscal year 1990, funds were used for costs associated with the observance of World Food Day.

ASSOCIATE PROFESSIONAL OFFICERS

Mr. **Whitten**. According to the notes, you do not plan to appoint any associate professional officers during fiscal year 1991. Last year the Department testified that the agency was very supportive of this program. In view of this, would you please explain why the program again is being proposed for termination?

Dr. **Acker**. Funds have never been appropriated specifically for this program, and the program is ending because of an absence of available funds. The reason for this is that, despite the success of the APO activity, agencies must allocate their fiscal resources to programs that have higher priorities. The agencies that contributed initially to funding APOs did so with the understanding that it was a pilot effort to determine the effectiveness of the program. Without appropriated funds, it is extremely difficult to sustain U.S. participation.

Mr. **Whitten**. How many associate professional officers have been appointed to date and what is the estimated total cost of those appointments?

Dr. **Acker**. Seven have been appointed—four men, three women—of whom two are minority and one is a graduate of an Historically Black University. The total cost over four fiscal years will be $1,011,257.

OPERATION FAST

Mr. **Whitten**. You are requesting $509,000 for Operation FAST, a $15,000 increase over the amount available for fiscal year 1990. If Operation FAST is an equipment upgrade, why do you need nine people?

Dr. **Acker**. Funding for Operation FAST will support a major upgrade in OICD's hardware and software systems as well as provide for the technical expertise needed in management and administrative areas to perform proper monitoring and oversight of the agency's financial and administrative systems. The latter requirement is an on-going one.

Mr. WHITTEN. Why do you need four more people in fiscal year 1991 than you had in fiscal year 1990?

Dr. ACKER. The additional four positions requested in fiscal year 1991 plus the five in our fiscal year 1990 base represent the core staff needed to respond to the basic financial, administrative and oversight requirements attendant to a U.S. Government agency with international management responsibilities.

Mr. WHITTEN. Now that Operation FAST has been underway for a while, can you please tell us in some detail what type of equipment you will be procuring?

Dr. ACKER. We are in the process of acquiring 40 IBM-AT compatible microcomputers using the 32 bit Intel 80 386SX microprocessor. We are also reviewing the options for compatibility to link the personal computers in several local area networks known as LAN. A pilot LAN is already in operation in the agency and its applicability to the entire agency is also being evaluated.

Mr. WHITTEN. Since Operation FAST is primarily an equipment upgrade, what do you anticipate your funding and staff requirements will be in fiscal years 1992 and 1993?

Dr. ACKER. We anticipate that funding requirements for Operation FAST in fiscal years 1992 and 1993 will be approximately $550,000 for each year. This includes approximately $350,000 for 9 FTEs in each year and $200,000 for acquisition of hardware and software.

UNITED STATES-IRELAND AGREEMENT

Mr. WHITTEN. How much did you spend on the U.S.-Ireland Agreement during fiscal year 1989 and how much have you spent so far during fiscal year 1990?

Dr. ACKER. In fiscal year 1989, we spent $28,000 on the U.S.-Ireland Agreement. These program costs were absorbed from within the scientific and technical cooperation budget. No money was directly appropriated to implement the Agreement.

So far, in fiscal year 1990, we have spent approximately $9,999 in program funds, out of a total of $125,000 appropriated. We plan on spending funds in three main areas: short-term scientific and technical exchanges; longer-term collaborative research; and agribusiness opportunity/investment missions. In programs such as these the majority of funds are spent during the summer months when the crops can be observed in the fields and when university scientists are free to travel. In fact, we have had many proposals from the scientific community for mutually beneficial work in Ireland during this fiscal year. We will only be able to fund a small fraction of these requests.

USDA INITIATIVE WITH POLAND

Mr. WHITTEN. On page 26-9 of the notes you mention a new USDA initiative with Poland's Ministry of Agriculture. What will be involved in this initiative?

Dr. ACKER. Secretary Yeutter signed an agreement December 6, 1989, with Poland to provide U.S. technical assistance to the Polish Ministry of Agriculture, Forestry and Food Economy and the Ministry of Rural Life Quality.

The agreement calls for increased government and industry efforts to improve transportation and marketing facilities in Poland; improving the structure of Polish agriculture with the goal of increasing production efficiency and improving rural life quality in Poland; and encouraging expanded agricultural trade between the two countries.

The agreement established the Joint Agricultural Development and Agricultural Trade and Development Committee to monitor and coordinate activities. Under the Secretary of Agriculture, Richard T. Crowder serves as co-chair of the committee.

This committee then established four working groups to serve as the framework and coordinating mechanism for USDA's activities in Poland. The working groups are: Infrastructure, Scientific Research, Production and Extension, and Marketing and Internal Trade.

UNITED STATES-SPAIN AGRICULTURAL RESEARCH PROGRAM

Mr. WHITTEN. Last year you advised us that under the U.S.-Spain Joint Committee, there are 39 agricultural research projects presently funded with a total value of approximately $7 million. What impact will the change in the basing agreements with Spain have on the future availability of these funds?

Dr. ACKER. Changes in the basing agreements with Spain provide no future availability of funds for research. All 39 of the research projects discussed last year will be completed before the end of fiscal year 1990.

UNITED STATES-ISRAEL BINATIONAL AGRICULTURAL RESEARCH AND DEVELOPMENT FUND (BARD)

Mr. WHITTEN. What research grants were awarded by BARD during fiscal year 1989?

Dr. ACKER. I will provide for the record a list of the 41 projects approved for 1989 BARD funding, indicating title, researchers and institutions, duration, and life-of-the-project cost funded.

[The information follows:]

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
INTERNATIONAL RESEARCH DIVISION

RESEARCH PROJECTS WITH ISRAEL

PROJECT TITLE:	Evaluating and Predicting the Spatial and Temporal Variability of Storm Runoff Generation in Watersheds of Arid and Semiarid Regions
FOREIGN RESEARCHERS & INSTITUTIONS:	J. Morin, R. Garti, D. Sharon, A. Yair, A. Karnieli Agricultural Research Organization/Soil Erosion Research Station
U.S. RESEARCHERS & INSTITUTIONS:	D. A. Woolhiser USDA/ARS, Tuscon AZ
AMOUNT FUNDED:	$200,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Soil and Water

PROJECT TITLE:	Ground Surface Sensing through Plant Foliage
FOREIGN RESEARCHERS & INSTITUTIONS:	U. M. Peiper, I. Shmulevich ARO/The Volcani Center, Technion-Israel Institute of Technology
U.S. RESEARCHERS & INSTITUTIONS:	R. B. Dodd, Y. J. Han, E. E. Hood Clemson University
AMOUNT FUNDED:	$200,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Plant Production

PROJECT TITLE:	Application of Recombinant DNA and Immunological Technologies for Development of Diagnostic Tools for Phytopathogenic Streptomycetes spp.
FOREIGN RESEARCHERS & INSTITUTIONS:	A. Barash, G. Kritzman, S. Manulis, Y. Aharonowitz Agricultural Research Organization/The Volcani Center, Tel Aviv University
U.S. RESEARCHERS & INSTITUTIONS:	R. Loria Cornell University
AMOUNT FUNDED:	$60,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Plant Protection

PROJECT TITLE:	Control of Lipid Oxidation to Retard Senescence of Plant Tissue
FOREIGN RESEARCHERS & INSTITUTIONS:	Nehemia Aharoni, Joseph Kanner, Shimon Meir Agricultural Research Organization/The Volcani Center
U.S. RESEARCHERS & INSTITUTIONS:	William Bramlage, Wassef Nawar University of Massachusetts
AMOUNT FUNDED:	$210,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Post Harvest

PROJECT TITLE:	Developmental Mechanisms of Parasitism in Broomrape (Orobanche spp.) and Their Potential Impact on Control
FOREIGN RESEARCHERS & INSTITUTIONS:	D. M. Joel, A. M. Mayer Agricultural Research Organization/Ya'ar Experiment Station, Hebrew University of Jerusalem
U.S. RESEARCHERS & INSTITUTIONS:	J. C. Steffens Cornell University
AMOUNT FUNDED:	$240,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Plant Protection

PROJECT TITLE:	Enhancement of Biological Control Potential of Entomoparasitic Nematodes through Genetic Improvement and Mutant Analysis
FOREIGN RESEARCHERS & INSTITUTIONS:	I. Glazer, D. Segal Agricultural Research Organization/The Volcani Center
U.S. RESEARCHERS & INSTITUTIONS:	R. Gaugler, T. McGuire Rutgers University
AMOUNT FUNDED:	$220,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Plant Protection

PROJECT TITLE: Studies of Structure and Exture of Potatoes to Enable Cultivar Selection and Development of New and Improved Processed Products

FOREIGN RESEARCHERS & INSTITUTIONS: I. Shomer
Agricultural Research Organization/The Volcani Center

U.S. RESEARCHERS & INSTITUTIONS: M. C. Bourn
Cornell University

AMOUNT FUNDED: $210,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Post Harvest

PROJECT TITLE: Molecular Genetic Analysis of Traits of Economic Importance in Poultry

FOREIGN RESEARCHERS & INSTITUTIONS: M. Soller, J. S. Beckman
The Hebrew University/Jerusalem, ARO/The Volcani Center-Bet Dagan

U.S. RESEARCHERS & INSTITUTIONS: L. B. Crittenden
USDA/ARS/Regional Poultry Research Lab-East Lansing MI

AMOUNT FUNDED: $210,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Animal Production

PROJECT TITLE: Immunodominant Proteins of Brucella abortus and melitensis

FOREIGN RESEARCHERS & INSTITUTIONS: Menachem Ransi
Agricultural Research Organization/Kimron Veterinary Institute

U.S. RESEARCHERS & INSTITUTIONS: Gary A. Splitter
University of Wisconsin/Madison

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Animal Protection

PROJECT TITLE: Elucidation of the Genetic Basis of Multiple Disease Resistance in Cucumis melo PI 124112 for Practical Application in the Development of Hybrids

FOREIGN RESEARCHERS & INSTITUTIONS: Y. Cohen
Bar-Ilan University/Ramat-Gan

U.S. RESEARCHERS & INSTITUTIONS: C. E. THomas, J. D. McCreight
USDA/ARS/U.S. Vegetable Lab-Charleston SC,
USDA/ARS/Vegetable Production Research Unit-Salinas CA

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Plant Protection

PROJECT TITLE: Hormonal Control of Reproduction in Penaeid Shrimp

FOREIGN RESEARCHERS & INSTITUTIONS: M. Tom, E. Lubzens
Israel Oceanography Limnol. Research, National Institute of Oceanography/Haifa

U.S. RESEARCHERS & INSTITUTIONS: M. Fingerman
Tulane University

AMOUNT FUNDED: $220,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Aquaculture

PROJECT TITLE: Gene Transfer and Expression in Farmed Fish

FOREIGN RESEARCHERS & INSTITUTIONS: B. Cavari, B. Moav, G. Hulata, B. Funkenstein
IOLR-Haifa, Agricultural Research Organization/Dor

U.S. RESEARCHERS & INSTITUTIONS: R. A. Dunham, T. T. Chen, D. A. Powers
Auburn University-AL, University of Maryland, Johns Hopkins University-MD

AMOUNT FUNDED: $250,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Aquaculture

PROJECT TITLE: Detection and Elimination of Viruses in Reserve Organs and During Stages of Micropropagation in Gladiolus, Lilies and Narcissus

FOREIGN RESEARCHERS & INSTITUTIONS: Adina Stein, J. Cohen, A. Frank, G. Loebenstein
Agricultural Research Organization/Volcani Center

U.S. RESEARCHERS & INSTITUTIONS: R. Lawson, J. Hammond, H.T. Hsu
USDA/ARS/Beltsville

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Plant Protection

PROJECT TITLE: Regulation of Tomato Ripening and Post Harvest Storage

FOREIGN RESEARCHERS & INSTITUTIONS: Yosef Mizrahi, V. Kagan-Zur
University of Negev/Boyko Insitute

U.S. RESEARCHERS & INSTITUTIONS: Joe H. Cherry, Avtar K. Handa
Purdue University/Center for Plant Environmental Stress Physiology-IN

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Post Harvest

PROJECT TITLE: Development of Cruciferous Oilseeds with Specifically Tailored Fatty Acid Compositions Using Domesticated and Wild Cruciferae Germplasm

FOREIGN RESEARCHERS & INSTITUTIONS: Aohara Yaniv, Menahem Zur, Yair Elber
Agricultural Research Organization/Bet Dagan

U.S. RESEARCHERS & INSTITUTIONS: Dick Auld, Elizabeth Earle
University of Idaho, Cornell University

AMOUNT FUNDED: $180,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Plant Production

PROJECT TITLE: Protection of Cattle Against Anaplasmosis: Vaccine Development on a Molecular Basis

FOREIGN RESEARCHERS & INSTITUTIONS: E. Pipano, V. Shkap
Kimron Veterinary Institute

U.S. RESEARCHERS & INSTITUTIONS: G. H. Palmer, D. P. Knowles, T. C. McGuire
Washington State University

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Animal Protection

PROJECT TITLE: The role of the CP43 Protein in Photosystem II: A Study Involving Light and Temperature Stress, and Genetically Engineered Mutants

FOREIGN RESEARCHERS & INSTITUTIONS: I. Ohad
The Hebrew University/Jerusalem

U.S. RESEARCHERS & INSTITUTIONS: W. F. J. Vermaas
Arizona State University

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Plant Production

PROJECT TITLE: Physiological and Biochemical Mechanisms of Heat Tolerance in Wheat

FOREIGN RESEARCHERS & INSTITUTIONS: Abraham Blum
ARO/Volcani Center

U.S. RESEARCHERS & INSTITUTIONS: Henry T. Nguyen
Texas Technical University

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Plant Production

PROJECT TITLE:	The Effects of An Environmental Stress (Temperature) on the Photosynthetic Apparatus of Higher Plants
FOREIGN RESEARCHERS & INSTITUTIONS:	Rachel Nechushtai The Hebrew University of Jerusalem
U.S. RESEARCHERS & INSTITUTIONS:	J. Philip Thornber University of California/Los Angeles
AMOUNT FUNDED:	$220,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Plant Production

PROJECT TITLE:	Mechanisms of Interaction Between Verticillium dahliae and Root-Lesion Nematodes in the Potato Early Dying Syndrome
FOREIGN RESEARCHERS & INSTITUTIONS:	Abraham Nachmias, Daniel Orion Agricultural Research Organization/Volcani Center-Gilat Experiment Station and Bet Dagan
U.S. RESEARCHERS & INSTITUTIONS:	Randall C. Rowe, Richard M. Riedel Ohio State University
AMOUNT FUNDED:	$200,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Plant Protection

PROJECT TITLE:	Marek's Disease Vaccination Breaks: Interaction of Genetic Strains of Chickens, Chicken Anemia Agent and Stressors
FOREIGN RESEARCHERS & INSTITUTIONS:	E. D. Heller, A. Friedman The Hebrew University of Jerusalem
U.S. RESEARCHERS & INSTITUTIONS:	K. A. Schat Cornell University
AMOUNT FUNDED:	$220,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Animal Protection

PROJECT TITLE:	Control of Spread of Nonpersistently Transmitted Viruses by Interference with Aphid Behavior
FOREIGN RESEARCHERS & INSTITUTIONS:	Benjamin Raccah, Dan Veierov Agricultural Research Organization/The Volcani Center
U.S. RESEARCHERS & INSTITUTIONS:	O. W. Barnett, Peter M. Burrows, Joop K. Peterson Clemson University SC, USDA/ARS/U.S. Vegetable Lab-Charleston SC
AMOUNT FUNDED:	$210,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Plant Protection

PROJECT TITLE:	Imaging of Potato Shoots for Automated Mass Micropropagation
FOREIGN RESEARCHERS & INSTITUTIONS:	Kalman Peleg, Meira Ziv Technion/Israel Institute of Technology, Univeristy of Jerusalem/Rehovot
U.S. RESEARCHERS & INSTITUTIONS:	Jack Sklansky, Franz J. Hoffmann University of California/Irvine
AMOUNT FUNDED:	$220,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Plant Production

PROJECT TITLE:	Mitochondrial Molecular Genetics and Milk Production in Dairy Cows
FOREIGN RESEARCHERS & INSTITUTIONS:	M. Ron, M. Shani Agricultural Research Organization/The Volcani Center
U.S. RESEARCHERS & INSTITUTIONS:	D. C. Beitz, A. E.Freeman, A. M. Myers, B. T. McDaniel Iowa State University, North Carolina State University
AMOUNT FUNDED:	$220,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Animal Production

PROJECT TITLE:	Structure, Function and Regulation of the H+ -ATPase in in Plant Tonoplast Membrane
FOREIGN RESEARCHERS & INSTITUTIONS:	C. Carmeli Tel Aviv University
U.S. RESEARCHERS & INSTITUTIONS:	Lincoln Taiz University of California/Santa Cruz
AMOUNT FUNDED:	$230,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Plant Production

PROJECT TITLE:	Bound and Free Phenolic Acids as Precursors to Objectional Aroma in Citrus Products
FOREIGN RESEARCHERS & INSTITUTIONS:	M. Naim, U. Zehavi Hebrew University
U.S. RESEARCHERS & INSTITUTIONS:	S. Nagy, R. L. Rouseff University of Florida/Lake Alfred, C.R.E.C.
AMOUNT FUNDED:	$230,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Post Harvest

PROJECT TITLE:	A Novel Technology for the Manipulation of Fish Reproductive Cycles: Controlled Release of Gonadotropin Releasing Hormones
FOREIGN RESEARCHERS & INSTITUTIONS:	Y. Zohar National Center for Mariculture/Eilat
U.S. RESEARCHERS & INSTITUTIONS:	R. S. Langer, W. W. Dickhoff Massachusetts Institute of Technology/Cambridge, University of Washington/Seattle
AMOUNT FUNDED:	$180,000
PROJECT DATES:	09/01/89 to 10/01/92
GENERAL SUBJECT:	Aquaculture

PROJECT TITLE: Heterologous Expression of Wheat High Molecular Weight Glutenin Subunit Genes: Analysis and Modification of Protein Sequences Affecting Dough Quality

FOREIGN RESEARCHERS & INSTITUTIONS: Gad Galili
The Weizmann Institute of Science

U.S. RESEARCHERS & INSTITUTIONS: Frank C. Greene, Olin D. Anderson
USDA/ARS/Western Regional Research Center-Albany CA

AMOUNT FUNDED: $220,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Post Harvest

PROJECT TITLE: Utero-Ovarian-Conceptus Response to Heat Stress in the Dairy Cow and its Involvement in Low Summer Fertility

FOREIGN RESEARCHERS & INSTITUTIONS: D. Wolfenson, Rina Meidan, A. Berman
The Hebrew University/Rehovot

U.S. RESEARCHERS & INSTITUTIONS: W. W. Thatcher, M. Drost
University of Florida/Gainesville

AMOUNT FUNDED: $250,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Animal Production

PROJECT TITLE: Use of DNA "Fingerprints" as Genetic Markers in Poultry Breeding

FOREIGN RESEARCHERS & INSTITUTIONS: J. Hillel, A. Cahaner
The Hebrew University

U.S. RESEARCHERS & INSTITUTIONS: E. A. Dunnington, P. B. Siegel
Virginia Polytechnic Institute and State University

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Animal Production

PROJECT TITLE: The Rapidly-Metabolized Herbicide Binding Protein of the Thylakoids: Relationship to Photosynthesis and Crop Protection

FOREIGN RESEARCHERS & INSTITUTIONS: Marvin Edelman
Weizmann Institute of Science

U.S. RESEARCHERS & INSTITUTIONS: Autar Mattoo
USDA/ARS/Beltville

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Plant Protection

PROJECT TITLE: Photometric Imaging for Detecting Surface and Internal Defects on Apples

FOREIGN RESEARCHERS & INSTITUTIONS: Ruth Ben-Arie, Amot Hetzroni
Agricultural Research Organization/The Volcani Center

U.S. RESEARCHERS & INSTITUTIONS: Bruce L. Upchurch, Gerald E. Rehkugler, James A. Throop
USDA/ARS/Applachian Fruit Research Station, Cornell University

AMOUNT FUNDED: $250,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Post Harvest

PROJECT TITLE: Characterization of Solute Transport in Spatially-Variable Unsaturated Field Soils

FOREIGN RESEARCHERS & INSTITUTIONS: David Russo
Agricultural Research Organzation/The Volcani Center

U.S. RESEARCHERS & INSTITUTIONS: W. A. Jury
University of California/Riverside

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Soil and Water

PROJECT TITLE: Nondestructive In-Line Determination of Moisture Content in Nuts and Dry and Semi-Dry Fruits by Dielectric Properties Sensing

FOREIGN RESEARCHERS A. Zaltman, Z. Schmilovitch
& INSTITUTIONS: ARO/Agricultural Engineering Institute

U.S. RESEARCHERS S. O. Nelson, A. W. Kraszewski
& INSTITUTIONS: USDA/ARSRussell Research Center

AMOUNT FUNDED: $180,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Post Harvest

PROJECT TITLE: Leaf Development and Function under Saline Stress

FOREIGN RESEARCHERS A. Meiri
& INSTITUTIONS: Agricultural Research Organiztion/The Volcani Center

U.S. RESEARCHERS W. K. Silk, A. Lauchli
& INSTITUTIONS: University of California/Davis

AMOUNT FUNDED: $200,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Soil and Water

PROJECT TITLE: Involvement of Different Gibberellins in Flowering of Biennial Bearing Fruit Trees

FOREIGN RESEARCHERS Y. Ben-Tal
& INSTITUTIONS: ARO/Volcani Center

U.S. RESEARCHERS M. L. Brenner
& INSTITUTIONS: University of Minnesota

AMOUNT FUNDED: $220,000

PROJECT DATES: 09/01/89 to 10/01/92

GENERAL SUBJECT: Plant Production

SUMMARY FOR ISRAEL

TOTAL NO. OF RESEARCH PROJECTS: 36
TOTAL FUNDING: $7,450,000

NUMBER OF ACTIVE RESEARCH PROJECTS: 36
TOTAL FUNDING $7,450,000

FOREIGN CURRENCY RESEARCH PROGRAM

Mr. WHITTEN. During fiscal year 1989, what percent of the program was carried out with excess currencies?

Dr. ACKER. Zero percent of the Foreign Currency Research program was carried out with excess currencies in fiscal year 1989.

Mr. WHITTEN. What excess currencies are currently available for this program?

Dr. ACKER. No excess currencies are currently available for this program. There are foreign currencies owned by the U.S. in over 40 countries. However, they are no longer designated as excess.

Mr. WHITTEN. What is the current unobligated balance under the Foreign Currency Research Program?

Dr. ACKER. All funds for foreign currency appropriated in past years have been obligated. However, in preparing the fiscal year 1991 budget, an unobligated balance of $10,373,356 for fiscal year 1989 was shown for the purpose of consistency with official accounting records. This amount is not our true unobligated balance and we are presently making attempts to correct the error.

Mr. WHITTEN. How many years will it take to use up the remainder of the unobligated balances?

Dr. ACKER. All the funds that have been obligated will be expended, on average, over a three-year period.

Mr. WHITTEN. Are these unobligated balances all as a result of appropriations from this Committee or are some of them as a result of funds provided by the State Department or other sources?

Dr. ACKER. All foreign currency funds appropriated to OICD were provded by this Committee.

AGRIBUSINESS INFORMATION CENTER

Mr. WHITTEN. What is the current status of the Agribusiness Information Center?

Dr. ACKER. We allocate two staff years to the Agribusiness Information Center which continues to receive inquiries from many sources, both U.S. and foreign. In the developing world, most of our beneficiaries are small- and medium-sized businesses. We believe that they can be best served by matching with small- and medium-sized U.S. entrepreneurs, a group which is not usually knowledgeable in the ways of international marketing. It is this group which most often seeks assistance from the Information Center.

Limited funding has forced the center to cut back on some services which were envisioned when the center was established. For example, we envisioned being connected electronically with the agribusiness community both here in the United States and in the client countries. We also sought to collect information through electronic means. Subscription and telephone use costs have made it difficult to carry out this aspect of the Information Center.

Mr. WHITTEN. What is the budget for the Agribusiness Information Center for fiscal years 1990 and 1991?

Dr. ACKER. The budget is $135,000 for fiscal year 1990 and $136,000 in fiscal year 1991.

Mr. WHITTEN. Please provide for the record an object class breakdown for the Agribusiness Information Center for fiscal years 1989, 1990, and 1991.

[The information follows:]

Object class	Fiscal year—		
	1989	1990 estimate	1991 estimate
Personnel	$109,001	$112,926	$116,991
Benefits	14,828	15,362	15,915
Travel	3,220	3,220	220
Transportation	457	457	457
Rent and Communications	800	800	800
Other Services	6,147	1,689	1,371
Supplies and Materials	547	546	246
Total	135,000	135,000	136,000

Mr. **Whitten**. How many requests for information did this center receive during fiscal year 1989 and how many inquiries have been received to date for fiscal year 1990?

Dr. **Acker**. The Information Center fields between seven to ten inquiries per day. The inquiries come from individuals who do not have access to information regarding political stability, economic data, and production information, nor do they know how to begin to make contacts in the government or the region of interest. Sometimes they don't even know how to ask their questions. These inquiries can take from a few moments to several days to respond to. The staff person has to have an ability to elicit the proper questions and determine how to handle them.

The Agribusiness Information Center is called upon more and more to provide agribusiness investment information for countries outside the Caribbean Basin. In addition to providing answers to specific inquiries, the Information Center supports information needs of technical teams visiting Caribbean Basin countries to solve agribusiness problems, and business missions to promote trade and joint ventures.

Mr. **Whitten**. Mrs. Smith?

Mrs. **Smith**. Thank you, Mr. Chairman.

I want to especially welcome you, Dr. Acker, and I'm proud that part of your distinguished educational career was at the University of Nebraska.

AGRICULTURAL SAFETY

Now, I've been reading your speech, and I noted that you say OSHA recently determined that agriculture even surpasses mining as the United States' most dangerous occupation.

I'm certain that you folks at the table didn't do it, but could you explain why the Administration takes out our money for farm safety under these circumstances?

Dr. **Acker**. I'm sorry, Congresswoman Smith. That's out of my territory.

Mrs. **Smith**. I know it's out of your territory. How about you, Secretary Crowder?

Mr. **Crowder**. You've asked me one I'm going to have to pass down, also. Do you have the answer to that?

Mr. **Dewhurst**. Just that it's in the science and education area, and they have to explain their priorities. It's just a question of priorities within that area.

Mrs. **Smith**. Well, of course, you know, we might change that.

I so appreciated you coming to see me yesterday morning, and I pointed out then that this $2 million decrease in the OICD budget is significant, and I recognize that what you do is so important.

PRESIDENT'S BUDGET PROPOSAL

Do you feel that the budget recommendation in the President's request will hamper your agency's ability to carry out your efforts?

Dr. **Acker**. Certainly, the financial constraints dictate the budget that you see before you, and all I can say is that we'll do the best we can within the resources available to carry out these programs.

In the case of the middle income program, we have had some interest from private sector corporations and others in helping to enhance that kind of a program.

We have some hope with the tremendous interest expressed, particularly in Eastern Europe, that there may be some increased involvement by the private sector.

FOOD AND AGRICULTURE ORGANIZATION

Mrs. **Smith**. Of course, we're all aware that with the GATT negotiations the FAO becomes even more important, and I'm aware that in both the USDA and the State Department, we have political concerns about this organization.

Would you comment briefly about the U.S. activities in FAO? Have they been positive in responding to consumer confidence questions?

Dr. **Acker**. Very much so. Yes. We consider the FAO to be a very critical global agency, and you'll notice that the President's budget message includes recommended full funding for FAO and other international organizations, and Secretary Yeutter has spoken to this issue in his testimony.

His predecessor, Secretary Lyng, once put it that, if FAO did not exist, we would probably have to invent it, because it can do a lot of things economically that we either can't do or we do it at exceedingly high costs.

It helped to eradicate the African Swine Fever in the Dominican Republic in the 1970s, and had that not been the case, a good many of our swine producers would have suffered millions and millions of dollars in losses, because it's a highly contagious disease.

They gather a lot of statistics on food and trade. In fact, it's prompted, I understand, our own department to diminish some of the investments in this area in lieu of the good work of FAO.

Also, of course, FAO is helping to set international standards in agricultural chemicals acceptable to businesses. In the GATT negotiations, it is helping with plant and animal quality standards and regulations in terms of animal and plant diseases.

To standardize these is very, very important in establishing good trade relationships, so we're strongly supportive of FAO.

MIDDLE-INCOME COUNTRY TRAINING PROGRAM

Mrs. SMITH. I appreciate that comment. Just one more question. I note that the funding for the Middle-Income Training Activities Program has been taken out for 1991.

Has international development and the environment changed regarding this program? Does this mean that you feel this program is no longer necessary or no longer very helpful?

Dr. ACKER. I couldn't say that the environment or the need has changed, but the financial constraints impinge upon this budget request.

Certainly, there are a good many benefits that have accrued and continue to accrue. One of our staff just came back from Thailand where he had seen a market promotion activity in the supermarkets there involving some former middle-income country participants who were back in those industries and working in concert with our agricultural attache in that country.

There are many instances like that. We sold breeding rams to producers who have been here from the Latin American and Central American countries at our Midwest stud ram sale, and the U.S. Rice Council credits the program with helping open markets for brown rice sales to the Ivory Coast.

Again, these events were apparently triggered by some of the participants here in this program.

Of course, the interest is high in Eastern Europe right now. One of our staff just got back about a week ago from interviewing somewhere between 75 and 80 candidates for these internship programs from Poland.

So the interest is high, the benefits are significant, but the budget reality prompts the budget as you see it.

Mrs. SMITH. Thank you very much. No further questions, Mr. Chairman.

Mr. WHITTEN. Mr. Skeen?

Mr. SKEEN. Thank you.

ASSISTANCE FOR EASTERN EUROPE

Dr. Acker, it's a pleasure having you here. Your agency seems to be particularly well positioned to do something about the situation in Eastern Europe. Could you describe what we have or what OICD can do to provide some assistance in this area as far as agriculture is concerned?

Dr. ACKER. Right now, at the present time, and I'll use Poland as a primary example——

Mr. SKEEN. Let's start with Poland.

Dr. ACKER. At the present time, I mentioned that one of our staff just returned from interviewing about 75 or 80 candidates for the middle-income internships and scholarships.

I don't know how many we'll be able to grant, whether it will be a dozen or 15. I simply don't know that number. We haven't looked at the total group of countries.

Secondly, I believe we have somewhere in the neighborhood of 20 or 22 research projects in Poland that are financed by the foreign currency that the U.S. owns in that country.

Mr. SKEEN. Are these new initiatives or have they been in progress?

Dr. ACKER. These have been in place for some time.

Mr. SKEEN. So you had a good foothold?

Dr. ACKER. Excuse me, the Middle-Income Country Program is relatively new, the last two years, I believe. But the foreign currency financed research activity has been underway for some time, because we've had U.S.-owned foreign currency in that country for some time.

In fact, one of our staff, Dr. Jerry Walker, because of his familiarity with the people in the country and the leadership, I think has been pretty valuable in helping us establish a lot of linkages.

ACTIVITIES IN EASTERN BLOC COUNTRIES

Mr. SKEEN. Any other Eastern Bloc countries?

Dr. ACKER. Yes, I'm not personally acquainted with all of these programs, but in Romania there were exchange programs according to information that I've been provided.

In Hungary, four U.S. exchange teams and six Hungarian exchange teams—

Mr. SKEEN. Are these part of the OICD program?

Dr. ACKER. This is part of the OICD program. Part of our program is to mount and organize scientist exchanges, and that would be my latter reference in the case of Hungary.

In the German Democratic Republic, we have had several ad-hoc exchanges in recent years. Bulgaria, five Bulgarian teams, four U.S. teams in 1990, I believe it is.

So we've had a history of this—

Mr. SKEEN. So you've got our footprints in there.

Dr. ACKER. Yes. That's correct. Very important footprints.

Mr. SKEEN. Would you anticipate any necessity to shift some funds that OICD might need toward providing any additional assistance to these countries?

Dr. ACKER. You used the word necessity. There's certainly an interest and a need. I told Under Secretary Crowder that I had had more phone calls on Poland and Eastern Europe than any other issue since I've been in the job the last three and a half weeks.

At the same time, each of our programs is fairly specifically delineated, and it can do just about what it—

Mr. SKEEN. What you need to do with what you have.

Dr. ACKER. That's right. Now, we do have some flexibility within programs, for example, the Middle-Income Country Program, and this fiscal year we can make some judgments as to which countries they go to.

But we do have an obligation, I think, to all those countries where we've announced scholarship applications would be solicited.

Mr. SKEEN. That was my concern, how well we're situated and how well we're provisioned as far as fiscal resources are concerned, and it seems like you've got a good handle on it.

Dr. ACKER. We have had to order some priorities.

Mr. SKEEN. I would understand that you probably do.

FOREIGN CURRENCY RESEARCH PROGRAM

Dr. Acker, I want to briefly talk about the Foreign Currency Research program that is being zeroed out by the Administration. Does this program not provide any benefits to American agriculture? If it does, could you briefly provide some examples of the type of benefits derived from this program.

Dr. ACKER. Foreign Currency Research directly benefits U.S. agriculture and industry. Presently there are 260 active research projects in seven countries. Examples of benefits to American agriculture will be provided for the record.

[The information follows:]

Yugoslavia: A ten-year project for breeding disease-resistant sunflower lines has produced 27 interspecific crosses. These crosses are storehouses of genetic variability for disease resistance. The results have significant implications to the U.S. sunflower industry and will be used to improve U.S. sunflower cultivars.

India: The Indian sub-continent is the origin of sugarcane. A massive breeding program on early flowering was recently completed, and 179 selections have been shipped to the U.S. for use in improving U.S. sugarcane varieties.

Taiwan: The U.S. shrimp processing industry faces major problems with the disposal of waste from shrimp processing. At least one major U.S. processing plant has been closed for violating disposal regulations. New research in Taiwan will help us solve waste management problems.

Poland: Genetic traits for drought tolerance and disease resistance have been found in rye germplasm in Poland. Plant breeders are incorporating these traits into triticale and wheat. Biotechnology will extend this to other crops. It is vital to preserve this valuable germplasm. Through foreign currency research we are collecting and preserving the genetic material at the National Seed Storage Laboratory in Collins, Colorado.

Costa Rica: Research in Costa Rica will determine the prevalance of the bluetongue, a viral disease of ruminants, in Central America and the Caribbean. This work will help remove barriers to the export of U.S. breeding stock germplasm. Further, we are getting an understanding of the strains of bluetongue that threaten to enter the United States from the Caribbean and Central America.

Pakistan: Researchers have identified insect and weed hosts that improve integrated pest management for sugar cane and rice in the United States.

Mr. SKEEN. Dr. Acker, was it your decision to eliminate funding for the Foreign Currency Research Program? If not, where was the decision made to eliminate funding?

Dr. ACKER. The decision to eliminate funding for Foreign Currency Research was made during the Departmental review process.

Mr. WHITTEN. Thank you for your appearance here today.

Mr. CROWDER. Thank you so much.

DUANE ACKER

Dr. Duane Acker (pronounced AWKER) is Administrator of the Office of International Cooperation and Development of the U.S. Department of Agriculture. Before his appointment to this position in February of 1990, he was Director and Assistant to the Administrator for Food and Agriculture, U.S. Agency for International Development.

Dr. Acker was President of Kansas State University from 1975 to 1986. Before that he had been Associate Dean of Agriculture for Instruction at Kansas State University; Dean of Agriculture and Biological Sciences and Director of Extension and the Experiment Station at South Dakota State University; and Vice-Chancellor for Agriculture and Natural Resources at the University of Nebraska.

Earlier, Dr. Acker worked as a county extension 4-H agent, taught animal science courses at Oklahoma State University and Iowa State University, and was consultant to the feed industry.

Dr. Acker has reviewed food and agriculture programs in more than 20 countries, and served from 1983 to 1986 as an appointee of President Reagan on the Board for International Food and Agricultural Development.

He has been a Director of the U.S. Council on Agriculture Science and Technology, Chair of the U.S. Deans of Agriculture, Chair of the Agriculture section of the American Association for the Advancement of Science, and President of Gamma Sigma Delta, international agricultural honorary. He has been a member of the National Academy of Sciences Commission on Education in Agriculture and Natural Resources.

Dr. Acker has served on boards of banks in Brookings and Sioux Falls, South Dakota, and Omaha, Nebraska; of the Federal Reserve Bank of Kansas City; and of the KPL Gas Service Company of Topeka and Kansas City.

Dr. Acker and his wife, Shirley, were reared on southwestern Iowa farms, and they maintain farming interests there. They have two married daughters, Diane, an attorney in Kansas City, and LuAnn, a physical therapist and officer of a health corporation in Nashville.

JOHN A. MIRANDA

Mr. John A. Miranda has been OICD's Assistant Administrator for Administration since August 14, 1988. Prior to joining OICD, he served as the Assistant to the Assistant Director-General for Administration and Finance at the Food and Agriculture Organization's headquarters in Rome.

Before that, John Miranda was the Chief of the Financial Management Division in the USDA's Office of Finance and Management. He had also served as Special Assistant to the Assistant Secretary for Administration, and as Management Analyst for the former Management staff at USDA and the Agriculture Stabilization and Conservation Service.

In addition to his extensive assignments in USDA, Mr. Miranda has worked in the Office of Management and Budget and for the Agriculture Subcommittee for Domestic Marketing, Consumer Relations, and Nutrition in the U.S. House of Representatives. He was a computer specialist with the Navy.

Mr. Miranda holds the B.A. degree from Boston College, the M.B.A. from the University of Hawaii, the J.D. degree from the Georgetown University Law School. He is a member of the Virginia State Bar. Mr. Miranda lives with his wife and two children in Springfield, Virginia.

EMORY H. BEVILL, III

Emory H. Bevill, III is a native of Newington, Georgia. He received his Bachelor of Science in Political Science from Georgia Southern College and holds a Masters degree in Public Administration from the George Washington University.

Mr. Bevill began his career in government service in 1978 as a management intern on the Administrator's Management Task Force at the Environmental Protection Agency. From 1980 to 1989, Mr. Bevill was a budget analyst and supervisory program analyst for the Corporate Budget Department, Pension Benefit Guaranty Corporation.

Mr. Bevill currently is Budget Officer for the Office of International Cooperation and Development. He has been in this position since April 1989. Mr. Bevill resides in Washington, D.C.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Statement of Dr. Duane Acker, Administrator
Statement Before the House Subcommittee on Appropriations
for Rural Development, Agriculture and Related Agencies

Mr. Chairman and members of the Subcommittee:

Thank you for this opportunity to review the programs and proposed budget of the Office of International Cooperation and Development.

OICD'S mission can be stated simply. It is twofold. First, we exist to help the American farmer and agribusiness be more competitive through the knowledge gained from international research and scientific exchanges, and by participation in international organizations. Second, we help to increase family income, food availability, and food consumption in the developing world through our technical assistance and training programs in agriculture and our agribusiness development efforts. Evidence indicates these two goals are complementary. Increased incomes of the poor majority in developing countries results in increased food consumption and demand, and that can help ensure the future prosperity of American agriculture through export growth.

Through OICD, USDA cooperates with other U.S. government agencies, universities and the private sector in global endeavors. We use funds appropriated directly to OICD, funds from other agencies and funds from foreign governments to finance OICD's activities.

Fiscal Year 1991 Budget Request

For fiscal year 1991 we are requesting $4.9 million for our appropriated accounts. Our request includes one major program increase, $225,000 for expanded programs of Scientific and Technical Cooperation with the Republic of Ireland, Eastern Europe, and the Soviet Union. A small Irish exchange initiated in FY 1987 has already led to significant changes in pasture management experiments in several locations in the U.S. and has identified specific U.S.-Irish joint venture opportunities in the food processing and animal breeding industries. Eight U.S. teams visited Ireland last year on a variety of topics including pasture management, the effects of deforestation on fish habitats, and eradication of bovine paratuberculosis. Two American companies participating in this program intend to develop joint venture or other business ties with Irish counterparts in areas of dairy/yogurt franchising, animal breeding and animal semen trade. Our FY 1991 request would allow us to extend the program to more areas of cooperation and expand long-term research collaboration to meet the growing demand for this activity.

As a result of exchanges in Eastern Europe, U.S. scientists have obtained valuable information about the control of pseudorabies, a U.S.-Hungarian joint venture in sausage production has been established in Iowa, and U.S. conservationists have obtained useful information about surface mining reclamation techniques. Recent exchanges with the Soviet Union have provided increased access to unique plant germplasm resources and valuable biocontrol organisms which have potential for enhancing U.S. agricultural production.

We are also requesting a small increase for other OICD programs, $38,000, to more adequately assist U.S. agribusiness interests, international research, and USDA representation at international organizations. We also request $62,000 to fund half the cost of the pay increases proposed for 1991. The other half is absorbed within our existing funding base.

We expect activities funded by our reimbursable funds and our trust funds to approximate FY 1990 levels. Our training and technical assistance activities, which are funded primarily by the Agency for International Development (A.I.D.), will remain at approximately $42,000,000. While our training agreement with AID will be terminated in mid-year 1990, we see the potential for developing training opportunities in other areas, such as Eastern Europe.

We are seeking additional ways to serve both U.S. agencies and other entities whose missions relate to global food and agriculture and where OICD and its relationships with USDA and the Land-Grant universities provide comparative advantage. This effort can yield additional funds for our operations, and more importantly, more fully serve U.S. interests.

The bilateral technical assistance, training and research programs we have with several nations, which are paid for by trust funds, are estimated to remain under $4 million in Fiscal Year 1991.

We do not request any appropriation for U.S.-owned foreign currencies for joint agricultural research. In FY 1990, we were appropriated $875,000 for foreign agricultural research, which allows us to use foreign currencies of that value held by the U.S. Treasury. Research projects funded with foreign currencies currently underway will continue until completion. Nor do we request any funding for the Middle-Income Country Training Program, which received $1.5 million for fiscal 1990. We hope to convince the private sector to pick up the cost for this program, which in fiscal year 1989 enabled about 300 students from AID-graduate countries to receive technical and/or academic training in the United States.

Agency Accomplishments

OICD's budget, by most standards, is small. However, our major effect is in assisting all of USDA, the Agency for International Development, and other entities to have a substantial impact on both American agriculture and in helping to achieve food security for millions throughout the world. We have successfully leveraged our appropriated funding with resources from other government units, universities and research institutions here and abroad as well as the private sector. Permit me to mention a few of our accomplishments over the past year.

Scientific and Technical Exchanges

In fiscal year 1989, OICD sponsored about 150 exchanges with over 25 different countries involving over 400 U.S. and foreign food and agricultural scientists. The exchanges, which are mainly with developed and middle-income countries, involve two-way sharing of valuable agricultural data, germplasm and biological materials, and technology which have potential to improve both the quality and production efficiency of U.S. crops, forestry and livestock. They contribute to increased agricultural trade and also strengthen our ties with participating countries and help foster goodwill toward the United States.

International Research

Our International Research program also sponsors projects designed to help U.S. farmers and agribusinesses. Through our collaborative research program, U.S. researchers have cooperated with foreign counterparts in 21 countries around the world. One example is the U.S.-Spain program which focuses on subjects of mutual interest such as the swine fever virus, and developing reliable fruit set in commercially important crops such as pears, cherries, and peaches.

Foreign Currency Sponsored Research

OICD has been a major user of U.S.-owned foreign currency, using those funds to support research projects abroad. Funding for the foreign currency research is not included in our fiscal year 1991 budget, but I would like to report briefly on activities which will continue with prior years' funding.

Poland continues to be a key country in this program, where there are currently 22 active projects totaling $1.5 million.

One important project with Poland focuses on the causes of grain dust explosions, a serious hazard that contributed to OSHA's recent determination that agriculture surpassed mining as the United States's most dangerous occupation.

In Yugoslavia, work is proceeding on a project which has already greatly expanded the genetic base of the sunflower, making it much less vulnerable to natural and man-made disasters. New strains showing resistance to several common diseases provide the potential to make this valuable oilseed a sustainable crop in the U.S.

Technical Assistance and Training

Most of OICD's technical assistance and training programs are funded through reimbursable arrangements with USAID, international organizations such as the Food and Agriculture Organization (FAO), and the multilateral development banks. The objective is to foster an effective world agricultural system that produces, markets, and trades at levels sufficient in quantity and quality to provide adequate food and fiber for all people.

Technical Assistance

In fiscal year 1989, OICD arranged for U.S. agricultural specialists to visit over 80 countries, with 424 short-term technical assistance visits and 178 long-term assignments of at least six months duration. The agency has 13 individuals on resident assignments overseas.

Examples of developing country projects we were involved with last year include: prevention of infant malnutrition, development of weaning foods, reforestation and natural resource conservation, market development, prevention of diarrhea in malnourished children, soil conservation, disaster assistance, and introduction of more vitamin A into the diets of rural people, especially children.

Training

During 1989, OICD arranged and administered training programs for approximately 2,500 foreign agriculturalists at more than 100 American institutions of higher education, including more than a dozen historically Black colleges and universities. Over 600 participants attended more than 27 OICD technical short courses and workshops in the United States.

In FY 1989 the Middle-Income Country Training Program, in its sixth year of operation, trained more than 300 participants. This past year saw five new participating countries: Thailand, Hong Kong, and Singapore, plus two important trading partners: Poland and the People's Republic of China. This program continues to create the linkages necessary for enhancing trade with countries no longer eligible for AID-sponsored development assistance. In Yugoslavia, for example, training programs in industries as diverse as embryo transfer and textiles provide the potential for increased U.S. exports in these areas.

Private Sector Development

In FY 1989, our Private Sector Relations Division continued its work to stimulate involvement by the U.S. private sector in the Caribbean Basin. This work is accomplished through our Agribusiness Information Center and the Secretary's Agribusiness Promotion Council, for which we serve as the Secretariat. We conduct seminars, conferences and workshops on agricultural issues which facilitate joint ventures between businesses of the region and U.S. companies. As a result, American businesses are importing a growing number of non-competitive exotic fruits, vegetables, and processed foods.

USDA's Liaison with International Organizations

In our dealings with international organizations, we have worked hard to strengthen the U.S. voice by placing a number of Americans in high level positions in the Food and Agriculture Organization, and by forcefully presenting USDA concerns on the funding of projects that could potentially affect U.S. farm interests. The U.S. bears a major burden in supporting the assessed budgets of international organizations, and it is vital that the USDA be closely involved in their policy and program planning in order to advance and protect U.S. interests.

And such involvement can yield important results. FAO's recent initiatives to strengthen its work on developing sanitary and phytosanitary standards in support of the Uruguay Round of multilateral trade negotiations is in direct response to Secretary Yeutter's request, and is of great importance to the United States' drive to liberalize world agricultural trade.

Management Initiatives

Like all U.S. Government agencies, we must constantly review our operating methods in order to stretch our fiscal resources further without sacrificing programs. During FY 1989, OICD sought to strengthen its effectiveness and efficiency by pursuing a number of management initiatives, among them implementation of Operation FAST (Financial and Administrative Systems Tracking.) This project, supported by the Administration and Congress, is aimed at upgrading our administrative, budget and accounting capabilities through the acquisition of ADP hardware, software, and the recruitment of staff to support this effort. Our FY 1991 request includes no increase for this multi-year effort, but aims to continue the progress that we have begun to make in FY 1990. This funding allows us to pursue these non-discretionary improvements without financing the costs at the expense of program needs. OICD needs to have the financial resources to support the wide range of management, administrative and oversight requirements attendant to a U.S. government agency with international management responsibilities. This remains my number one budget priority.

We are continually trying to improve our administrative systems to increase productivity and reduce costs, and we continue to seek out ways to manage the agency to ensure that our programs meet the needs of American agriculture.

Mr. Chairman, this concludes my statement. I will be happy to answer any questions.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Purpose Statement

The Office Of International Cooperation and Development (OICD) was established by Secretary's Memorandum No. 1947 of May 1, 1978. OICD was given responsibility for technical assistance, international training and development programs, management of international organizational affairs, and scientific exchanges. OICD's functions were expanded by Secretary's Memorandum No. 1988, of October 26, 1979, which delegated to the Agency authority for international cooperative research. In August 1986, OICD was provided authority to disseminate information to the U.S. private sector on foreign market and investment opportunities.

OICD's mission is to promote U.S. agriculture and to advance the agriculture of developing countries as parts of a global agricultural system capable of providing ample food and fiber for all people. In order to accomplish this mission, OICD applies United State Department of Agriculture policies and U.S. agricultural perspectives in its programs of international cooperation and development, and in its collaboration with foreign countries and other research institutions, Federal agencies, and the private sector.

OICD's program objectives are:

(1) To ensure that American agricultural interests related to global food security and international development are considered in the policy processes of the U.S. government and international organizations;

(2) To efficiently and creatively use resources available to USDA, universities, agribusiness, and international organizations in the implementation of international agricultural development and cooperative programs;

(3) To ensure that U.S. commodity groups, producers, and agribusiness benefit from research and other activities resulting from cooperative agreements with other countries;

(4) To initiate cooperative efforts with other countries and international organizations that lead to the sound management of natural resources; and

(5) To improve agricultural production and related capabilities of the developing countries by enlisting the resources of government, universities, and agribusiness in technical assistance, training, and scientific cooperative programs.

As of September [illegible], 1989, there were 173 permanent full-time employees (162 in headquarters and [illegible] on resident assignments overseas) and 29 other employees (25 in headquarters and 4 on resident assignments overseas.)

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses	$5,319,000	60	$6,041,000	63	$4,893,000	65
Scientific Activities Overseas (Foreign Currency Research)	1,000,000	—	875,000	—	—	—
Obligations under other USDA appropriations:						
Forest Service and APHIS for Associate Prof. Officer Prog.	151,790	—	161,000	—	85,000	—
APHIS, ARS, ERS, For. Serv., FSIS, & NAL for Admin. of Internat'l Research	497,558	—	500,000	—	500,000	—
Total, Agriculture Appropriations	6,968,348	60	7,577,000	63	5,478,000	65
Other Federal Funds:						
Agency for International Development, for foreign nationals' training and development assistance	27,757,693		41,339,000		41,415,000	
USAF for Administration of Internat'l Research	376,932		400,000		223,000	
Total, Other Federal Funds	28,134,625	127	41,739,000	131	41,638,000	131
Non-Federal Funds:						
Contributions for USDA development assistance, training, and research (Spain, Venezuela, Saudi Arabia, international organizations)	2,509,907	—	3,535,000	—	3,712,000	—
Total, Office of International Cooperation and Development	37,612,880	187	52,851,000	194	50,828,000	196

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	187	194	196
Non-ceiling	25	21	21
Total	212	215	217

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989			1990			1991		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-6	1		1		1	1		1	1
ES-5	1		1	1		1	1		1
ES-3				1		1	1		1
ES-2				1		1	1		1
ES-1	1		1						
GS/GM-15	8	1	9	8	1	9	8	1	9
GS/GM-14	28	1	29	28	1	29	28	1	29
GS/GM-13	27		27	27		27	29		29
GS-12	24		24	24		24	24		24
GS-11	6		6	6		6	6		6
GS-9	12		12	12		12	12		12
GS-8	5		5	5		5	5		5
GS-7	30		30	30		30	30		30
GS-6	11		11	11		11	11		11
GS-5	7		7	7		7	7		7
GS-4	7		7	7		7	7		7
Other Graded Positions....	0	9	9	0	9	9	0	9	9
Total Permanent Positions....	168	11	179	168	12	180	170	12	182
Staff Years:									
Ceiling.....	176	11	187	183	11	194	185	11	196
Non-ceiling..	19	6	25	15	6	21	15	6	21
TOTAL......	195	17	212	198	17	215	200	17	217

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

CLASSIFICATION BY OBJECTS

1989 Actual and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters	$ 2,336,034	$ 2,797,981	$ 3,010,512
Field	122,157	112,534	115,488
11 Total personnel compensation	2,458,191	2,910,515	3,126,000
12 Personnel benefits	409,539	523,891	563,000
Total pers. comp. & benefits	2,867,730	3,434,406	3,689,000
Other Objects:			
21 Travel	420,174	436,384	284,493
22 Transportation of things	17,751	13,517	13,858
23.2 Rental payments to others	0	0	0
23.3 Communications, utilities, and misc. charges	221,424	245,789	180,152
24 Printing and reproduction	33,234	48,469	26,900
25 Other services	938,651	998,886	493,175
26 Supplies and materials	42,545	74,349	35,052
31 Equipment	65,625	100,000	53,801
41 Grants	711,866	689,200	116,569
Total other objects	2,451,270	2,606,594	1,204,000
Total direct obligations	5,319,000	6,041,000	4,893,000
Position Data:			
Average Salary, ES positions	$76,000	$79,250	$96,685
Average Salary, GM/GS positions	$28,887	$29,927	$30,974
Average Grade, GM/GS positions	10.4	10.4	10.4

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (new language underscored; deleted language enclosed in brackets).

Salaries and Expenses:

For necessary expenses of the Office of International Cooperation and
Development to coordinate, plan, and direct activities involving
international development, technical assistance and training, and
international scientific and technical cooperation in the Department of
Agriculture, including those authorized by the Food and Agriculture Act
of 1977 (7 U.S.C. 3291), [$6,118,000] $4,893,000; provided, That not to
exceed $3,000 of this amount shall be available for official reception and
representation expenses as authorized by U.S.C. 1766; [Provided further,
1 That in addition, funds available to the Department of Agriculture shall
be available to assist an international organization in meeting the costs,
including salaries, fringe benefits and other associated costs, related
to the employment by the organization of Federal personnel that may
transfer to the organization under the provisions of 5 U.S.C. 3581-3584,
or of other well-qualified United States citizens, for the performance of
activities that contribute to increased understanding of international
agricultural issues, with transfer of funds for this purpose from one
appropriation to another or to a single account authorized, such funds
remaining available until expended:] Provided further, That the Office
may utilize advances of funds, or reimburse this appropriation for
expenditures made on behalf of Federal agencies, public and private
organizations and institutions under agreements pursuant to the
agricultural food production assistance programs (7 U.S.C. 1786) and the
foreign assistance programs of the International Development Cooperation
Administration (22 U.S.C. 2392).

This change proposes deletion of the language included in the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1990, authorizing funds for the Associate Professional Officers program. No Associate Professional Officers will be appointed.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

Appropriation Act, 1990		$6,118,000
Budget Estimate, 1991		4,893,000
Decrease in appropriation		-1,225,000
Adjustments in 1990:		
Appropriation Act, 1990	$6,118,000	
Gramm-Rudman-Hollings reduction (P.L. 99-177)	-77,000	
Adjusted base for 1990		6,041,000
Budget Estimate, 1991		4,893,000
Decrease from adjusted 1990		-1,148,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Costs	Program Changes	1991 Estimated
Scientific Exchanges	$1,591,000	+$17,000	+$225,000	$1,833,000
Administration of International Research	1,415,000	+19,000	+18,000	1,452,000
USDA Liaison with International Organizations	604,000	+15,000	+ 8,000	627,000
Development, Planning, and Analysis	464,000	+2,000	+ 6,000	472,000
Middle-Income Country Training	1,473,000	--	-1,473,000	--
Operation FAST	494,000	+9,000	+ 6,000	509,000
Total Available	6,041,000	+62,000	-1,210,000	4,893,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual		1990 Estimated			1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
1. International Scientific and Technical Cooperation:							
a. Scientific Exchanges..........	$1,486,000	18	$1,591,000	18	(1) +$242,000	$1,833,000	18
b. Administration of International Research...........	1,455,000	22	1,415,000	20	(2) +37,000	1,452,000	20
c. USDA liaison with international organizations......	586,000	16	604,000	16	(3) +23,000	627,000	16
Total, International Scientific and Technical Cooperation..	$3,527,000	56	3,610,000	54	+302,000	3,912,000	54
2. International Agricultural Development:							
a. Development Planning and Analysis..	300,000	2	464,000	2	(4) +8,000	472,000	2
b. Middle-Income Country Training...	1,492,000	2	1,473,000	2	(5) -1,473,000	--	--
Total, International Agricultural Development.	1,792,000	4	1,937,000	4	-1,465,000	472,000	2
3. Operation FAST........	--	--	494,000	5	(6) +15,000	509,000	9
Total Adjusted Appropriation.........	5,319,000	60	6,041,000	63	-1,148,000	4,893,000	65
Gramm-Rudman-Hollings Reduction...............	--	--	+77,000				
Total, Appropriation..	5,319,000	60	6,118,000	63			

EXPLANATION OF PROGRAM

The appropriation for the Office of International Cooperation and Development is used to develop, implement, and evaluate USDA's policies and programs for agricultural cooperation and development throughout the world.

International Scientific and Technical Cooperation

Scientific Exchanges. USDA maintains scientific and technical exchange programs with foreign governments and research institutions, as authorized by Section 1436 of the Agriculture and Food Act of 1981. These exchanges are mainly with developed countries and include the exchange of agricultural data and the collection of exotic germplasm and biological materials which have the potential to improve U.S. crops, forestry, and livestock. These exchanges also strengthen the role of science and technology in the efforts to stabilize world food supplies and to use world resources more efficiently. OICD acts on USDA's behalf to support and manage activities under bilateral exchange agreements, the costs of which are shared by OICD and participating entities.

International Research. OICD manages the Department's international research activities in cooperation with various USDA agencies, U.S. agricultural institutions, and foreign research institutions. These collaborative research efforts yield information valuable for the protection of U.S. agriculture from foreign pests and diseases and for increasing domestic productivity. At the same time, the threat of hunger and malnutrition overseas is reduced.

Research is undertaken through a variety of binational agreements and funding mechanisms. OICD is responsible for the administration of research programs under the United States' treaty with Spain and the research supported by the U.S.-Israel Binational Agriculture Research and Development Fund. Under Section 1436 of the Agriculture and Food Act of 1981, OICD fosters participation of U.S. land-grant colleges in research abroad.

International Organizations. OICD coordinates USDA's and the U.S. Government's participation in approximately 30 international organizations concerned with food, agriculture, and rural development. OICD represents USDA in the organizations' planning, advances U.S. interests, and protects U.S. agriculture. OICD also organizes U.S. delegations to international agricultural conferences and arranges the placement of about 60 agriculturalists annually on assignments with international organizations.

International Agricultural Development

Development Planning and Analysis. OICD's activities include review and evaluation of P.L. 480 self-help and Food for Development proposals, and the coordination of the International Science and Education Council's involvement in international development. The agency's Agricultural Information Center serves as a central point of contact for inquiries from the private sector and developing countries on trade and investment opportunities in the Caribbean.

Middle-Income Country Training Program. OICD manages this program for the training of mid-and upper-level managers from countries which no longer qualify for U.S. foreign economic assistance programs. OICD's program aims to maintain contacts with officials in these countries and to nurture opportunities for trade with the United States.

OIG Report Number	Date Issued	Description
44010-3-Hy	September 1989	International Training Division-Debt Management
Unnumbered	Report Underway	Financial Management

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $242,000 for Scientific Exchanges ($1,591,000 available in FY 1990) consisting of:

(a) An increase of $ 17,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $225,000 for scientific and technical exchanges with the Republic of Ireland, Eastern Europe and the U.S.S.R.

Need for change. Section 1420 of the Food Security Act of 1985 requires the USDA to undertake discussions with officials in the Republic of Ireland which may lead to the development of a Memorandum of Understanding and the establishment of cooperative agricultural programs between the USDA and counterpart organizations in Ireland. The legislation also calls on USDA to foster exchanges of agricultural specialists, students and trainers between the two countries and promote U.S.-Irish joint business ventures.

Important Eastern European and U.S.S.R. exchange programs currently underway include the U.S.-Hungary Joint Statement on the Development of Agricultural Trade and Cooperation renewed in FY 1989; a small exploratory program in East Germany in the area of soil conservation and forestry as well as programs for animal and plant health, agricultural economics and natural resources management; and a new USDA initiative with Poland's Ministry of Agriculture. In exchange programs with the U.S.S.R., OICD is increasingly called on to coordinate the growing number of activities between the Soviet Union and the United States which have resulted from Glasnost.

Nature of Change. Program with Republic of Ireland: The increase is to support exchanges of teams of agricultural and forestry specialists for short-term (1-6 weeks) visits on topics of mutual benefit under Section 1420.

Programs with Eastern Europe and the U.S.S.R.: The increase is to coordinate the increased activities between Eastern Europe/U.S.S.R. and USDA agencies, other U.S. government agencies, and U.S. universities, and to establish new activities, such as: a Working Group on Forestry, a U.S. staffed bio-controlled laboratory in the Soviet Union to collect and evaluate live specimens, a germplasm exchange system for major crops, and to expand the small but very important exchange programs in Eastern Europe.

In some cases these programs are funded on a receiving-side-pays basis, which means OICD is responsible for covering the costs of foreign scientists' travel in the U.S. and vice versa.

Funds requested cover costs of travel, transportation and administrative support.

(2) An increase of $37,000 for Administration of International Research ($1,415,000 available in FY 1990) consisting of:

(a) An increase of $19,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $18,000 for costs associated with administering international research activities.

Need for Change. To adequately support U.S. scientists in their efforts to carry out joint research on high priority U.S. agricultural problems in cooperation with researchers in developed and developing countries. The objective is to stimulate and support research to increase use of U.S. agricultural commodities and products for domestic and export markets; and to quickly respond to emergency disease problems that have international origins.

Nature of Change. The increase is for support payments to U.S. scientists while working abroad.

(3) An increase of $23,000 for USDA Liaison with International Organizations ($604,000 available in FY 1990) consisting of:

(a) An increase of $15,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $8,000 for travel costs associated with representing U.S. agricultural interests at international organizations and conferences.

Need for Change. To ensure the continued representation of USDA at international organizations concerned with food, agriculture and rural development. Because the U.S. is a major contributor to the assessed budgets of most of these organizations, it is vital that the USDA be closely involved in their policy and program planning in order to advance and protect U.S. interests.

Nature of Change. The increase is for travel costs associated with representing the USDA at international organizations and conferences.

(4) An increase of $8,000 for Development Planning and Analysis ($464,000 available in FY 1990) consisting of:

(a) An increase of $2,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $6,000 for travel costs associated with market promotion and development activities in the Caribbean basin.

Need for Change. To ensure the continued coordination of Agribusiness Promotion activities in the Caribbean basin.

Nature of Change. The increase is for travel costs.

(5) A decrease of $1,473,000 for the Middle-Income Country Training Program ($1,473,000 available in FY 1990) consisting of:

Need for Change. $1,473,000 was appropriated in FY 1990 to provide training to participants from selected middle-income countries. These funds, while committed in FY 1990, will be expended over the approximate 18-month life of the program and are sufficient to enable present participants to complete their programs.

Nature of Change. No new participants will be selected for training in FY 1991.

(6) An increase of $15,000 for Operation FAST (Financial and Administrative Systems Tracking) Expenses ($494,000 available in FY 1990) consisting of:

(a) An increase of $9,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $6,000 to provide for continued progress in a multi-year effort to upgrade OICD's financial and administrative information systems.

Need for Change. This increase would enable OICD to make continued progress in its efforts to improve the financial and administrative information systems begun in FY 1990. This effort was begun both in response to the changing environment in which OICD must operate and in response to specific management improvement recommendations to eliminate weaknesses identified during our internal control reviews. This funding will support a major upgrade in OICD's hardware and software systems and will provide for the technical expertise needed in administrative areas to perform proper monitoring and oversight functions for the agency.

Nature of Change. The increase is for the acquisition of new hardware and software systems capable of meeting external and internal demands for timely, accurate, and usable information, and for additional staff to support the agency's financial and administrative systems.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 and Estimated 1990 and 1991

	1989		1990 Estimated		1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia......	$5,319,000	60	$6,041,000	63	$4,843,000	65

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

STATUS OF PROGRAM

OICD manages the U.S. Department of Agriculture's programs and activities in overseas cooperation and development. These activities are carried out in cooperation with other Federal agencies, foreign nations, international agencies, universities, and groups from the agricultural industry and the private sector. OICD funding reflects this diversity, with costs paid through reimbursements from the Agency for International Development (AID) and international organizations, as well as through appropriations and trust funds.

INTERNATIONAL SCIENTIFIC AND TECHNICAL COOPERATION

Current Activities: Agency activities and objectives include:

1. Seeking new knowledge and technology to benefit the United States and cooperating countries through research on food, agriculture, and forestry.

2. Managing international agricultural research programs to promote scientific cooperation among Federal agencies, American colleges and universities, and foreign research agencies and institutions.

3. Serving as the focal point for USDA's foreign agricultural research programs, securing the most qualified American scientists available for project collaboration, administering bilateral and multilateral research programs, and ensuring mutual benefit of research results to the United States and cooperating countries.

4. Managing USDA's role in:

   Scientific and technical exchanges of scientists, technicians, and agriculturalists on a bilateral basis with many countries. Special emphasis is on China, the Soviet Union and other Eastern European countries, Ireland, Venezuela and Mexico.

   Organization of one or two international symposia a year on topics important to American agriculture.

   The Trinational Program, which promotes agricultural cooperation among Egypt, Israel, and the United States, and the acceleration of agricultural development in Israel and Egypt.

   Binational Collaborative Research, which enables American researchers to collaborate with researchers in developed and developing countries to investigate high priority American agricultural problems and to promote U.S. partnerships with foreign countries on agricultural problems of mutual concern.

   The United States-Spain Agricultural Research Program, which awards cooperative agricultural research grants in accordance with our treaty with Spain. Forty collaborative projects are now in-force under this program.

   BARD, the United States-Israel Binational Agricultural Research and Development Fund, supporting research of mutual benefit to both countries. Projects are supported with the proceeds of a special $110 million endowment, each country having contributed $40 million in 1978 and $15 million in 1984.

5. Managing the U.S. Department of Agriculture's role in international organizations concerned with food, agriculture, and rural development, such as:

   the Food and Agriculture Organization of the United Nations,

   the Organization for Economic Cooperation and Development,

   the World Food Council,

the Inter-American Institute for Cooperation on Agriculture,

the National Advisory Council on International Monetary and Financial Policies, and

the Working Group on Multilateral Aid.

OICD also represents USDA on the State Department's United Nations Economic Committee, which expresses the U.S. position on United Nations matters.

These activities, which provide knowledge valuable for American agriculture, are funded largely from appropriations. However, participating foreign institutions share the cost of cooperative projects, typically paying three-quarters of the cost. Trust funds support some aspects of the activity, such as the United States-Spain program and Binational Agricultural and Research and Development Program.

Selected Examples of Recent Progress:

1. Ireland

The U.S.-Ireland program of cooperation, which is organized and managed by OICD, expanded and matured during Fiscal Year 1989. Six teams of U.S. specialists visited Ireland under the short-term exchange program. Many of the U.S. participants reported that they gained insights into problems affecting U.S. agriculture or learned new techniques or methodologies which will be useful to them in their domestic programs. For example, an interdisciplinary team of pasture specialists from Maryland, Vermont and New York spent 5 weeks in Ireland learning the Irish approach to intensive management of pastures. This approach is now being modified and will be used to teach farmers in the Northeastern United States how to improve the economic efficiency of their livestock production. Twelve Irish teams also visited the United States during 1989. These teams focused their inquiries on priority areas for Irish agriculture such as controlling animal diseases and food science and technology.

USDA also launched an initiative aimed at promoting U.S.-Irish linkages in agribusiness in FY 1989. In November 1988, a U.S. team of agribusiness experts visited Ireland to analyze the Irish business environment and identify trade and investment prospects for U.S. firms. They concluded that there are a great many opportunities for linkages, such as: crushing and processing of soybeans and oilseeds; importing hardwood varieties; sourcing of prune juice; and testing of animal semen. A follow-up mission was held in August 1989, and the results were positive, with several American businesses expressing an intent to develop joint business ventures with Irish partners. OICD is organizing a follow-up Business Opportunity Mission for interested U.S. firms in 1990.

OICD also serves as the Executive Secretariat for the U.S.-Irish program. In this role, OICD was instrumental in setting in motion an exchange of agricultural college students in the summer of 1989. Ten Irish students and four U.S. students will spend the summer months working on counterpart farms. The program is being coordinated by Communicating for Agriculture, Inc., a non-profit group in Minnesota, at no cost to USDA.

2. U.S.S.R.

U.S. agricultural exchange activities in the Soviet Union, which were administered by OICD, continue to be varied in nature and highly beneficial to both countries. Under the Agricultural Economics Research and Information (ERI) Working Group, a team of economists from the Economic Research Service (ERS), University of Michigan and University of Chicago, visited the Soviet Union to investigate the new mechanisms being adopted for decentralizing overall economic planning and price formation. Another exchange involved representatives from the Foreign Agricultural Service (FAS). The American Soybean Association, the National Cottonseed Products Association, and the National Sunflowerseed Association shared technical and economic information with their Soviet counterparts in a joint seminar on U.S. and Soviet oilseed processing, including the transportation and storage of raw materials, extraction, refining, handling, and storage of crude vegetable oil. Other U.S. team visits in FY 1989 included studies of the economic and technological aspects of Soviet spring wheat production and the processing, transportation, and storage of agricultural products. Under the Agricultural Research and Technological Developments (RTD) Working Group, a team of scientists from the University of Alaska, Fairbanks, visited the VASKNIL Institute in Siberia in June, 1989. They obtained germplasm from a variety of crops which grow in extreme northern latitudes. The team also learned some new approaches to methodologies, such as soil warming, which should improve the viability of cultivated crops in northern zones of the United States. Another exchange involved scientists from the Agricultural Research Service (ARS), Texas A&M, and agribusiness persons who visited the Soviet Union in summer 1989. They visited remote regions in the southeastern portion of the Soviet Union and collected new lines of Allium species. This germplasm will be extremely useful for onion and garlic breeding programs in the United States. Other U.S. team visits in FY 1989 included prevention of unwanted pest introductions and compaction of agricultural soils.

In February 1989, the Soviet Union and the United States agreed to establish a Working Group on Food Processing under the U.S.-U.S.S.R. Agreement on Cooperation in the Field of Agriculture. The Working Group will act to promote the expansion of mutually beneficial trade and economic relations, including joint ventures and other forms of cooperation in the area of food processing and packaging systems. To facilitate the cooperation, the Working Group will exchange trade, economic, and market information, and establish a communications network for facilitating commercial activities. The U.S. Department of Commerce formally chairs the new Working Group with the Foreign Agricultural Service (FAS) representing USDA. OICD provides administrative support to the Working Group and insures the involvement of industry and other private sector entities on the U.S. side with an interest in its work.

3. France

Building on a 1986 exchange visit, OICD arranged for Dr. Herbert Oberlander, Director of the Insect Attractants, Behavior, and Basic Biology Research Laboratory (ARS, Gainesville), to visit France in September 1989 to continue his research on chitin and ecdysteroid metabolism in the Indian meal moth and the cabbage looper. Dr. Oberlander's aim is to determine how ecdysteroids are produced and how they induce the transport of chitin precursors to outer-lying cells in insects which enable them to produce their hard outer covering. Through selective intervention with cellular processes in target insect species, scientists hope to develop a method for controlling the development of moths and related pests of field crops and stored grain and, ultimately, reduce crop losses. Dr. Oberlander was last year's recipient of USDA's prestigious "Scientist of the Year" award.

4. Mexico

OICD, the Animal and Plant Health Inspection Service (APHIS) and the Mexican Secretariat of Agriculture and Water Resources (SARH) jointly produced and financed an English and Spanish publication highlighting "Six Decades of Agricultural Cooperation" in November 1988. The publication is an overview of programs and projects designed to solve many of the agricultural problems of concern to farmers in both countries. Working together as partners, USDA and SARH have been able to improve domestic agricultural production and international trade opportunities by cooperating in areas of animal and plant health, the preservation of natural resources, and sharing scientific knowledge among universities and scientists from both countries. The publication is particularly significant because it highlights the agricultural interdependence between the United States and Mexico in trade and agricultural technology transfer.

5. China

Several successful scientific and technical cooperation visits took place in 1989 under the auspices of USDA's Scientific and Technical Cooperation Program in agriculture with the Chinese Ministry of Agriculture. This short-term exchange program enabled nine teams of Chinese working-level scientists to visit the United States and seven teams of U.S. scientists to travel to China for meetings with counterparts and discussions on possible future research collaboration.
Several U.S. teams took advantage of the opportunity to research natural resources native to China and explore their possible use in American agriculture. A three-person Agricultural Research Service (ARS) team investigated the use of Chinese indigenous plant materials for insect control. The use of natural insect control agents would reduce the necessity for synthetic insecticides and thus decrease the

potential for their harmful side effects to human and animal health and to the environment. Another team composed of ARS and university scientists, as well as a state industry representative, traveled to China to evaluate Chinese research on drought resistance in soybeans and to collect drought-resistant soybean germplasm from China for further research in the United States. The team observed soybean fields in Heilongjiang Province and Shanxi Province, and were able to bring back 25 varieties of germplasm recognized by Chinese scientists as possessing drought-resistant characteristics. The germplasm will first be sent to the ARS winter nursery in Puerto Rico for initial testing and seed production, and then material will be given to scientists in North Carolina and Illinois for further research on possible use in U.S. agriculture.

6. Thailand

A four-member U.S. team comprised of aquaculture specialists from Auburn University, Mississippi State University, University of Arkansas/Pine Bluff (an 1890's university), and OICD participated in a short-term scientific and technical cooperation project with scientists at the Ministry of Agriculture and Cooperatives/Department of Fisheries and Kasetsart University. The team discussed ongoing water-quality research in Thailand and documented the aeration and pond-bottom soil treatment techniques and water exchange practices used in Thai intensive aquaculture. The present expenditure on aeration in channel catfish farming in the United States is almost $10,000,000 each year. Improving aeration efficiency in the aquaculture industry would reduce this expense considerably. Improved pond-bottom treatments could also reduce costly wastage due to problems with off-flavor and toxic metabolites in the fish produced.

7. Australia and New Zealand

Under OICD's cooperation program, scientists from USDA's Animal and Plant Health Inspection Service (APHIS), Utah State University's Veterinary Science Department and the Utah Department of Agriculture visited their counterparts from Australia's Commonwealth Scientific Industrial Research Organization and Department of Primary Industry and New Zealand's Ministry of Agriculture and Fisheries and Department of Scientific and Industrial Research to study the use of embryo transfer to allow for international movement of disease-free germplasm. Potential U.S. benefits from freer exchange of germplasm include improving the quality of sheep and goat products (meat, milk, wool, and hair). Currently there are severe restrictions on the import and export of sheep and goat germplasm due to the high risk of introducing diseases, including scrapies. Cooperation among these countries is critical to the global movement of disease-free germplasm. The team is also using information gained from the exchange to assist in developing a U.S. scrapies-free flock certification program.

8. International Agroforestry Symposium

In April 1989, an International Symposium on Planning for Agroforestry was held at Washington State University. The symposium provided a setting for developing methods for implementing agroforestry systems and identifying successful strategies which can be used in both subsistence and commercial settings in developed and developing countries. Besides OICD, symposium sponsors included: the International Science and Education Council (ISEC); the American Forest Council; Washington State University; and USDA's Forest Service, Soil Conservation Service, and Extension Service. Over 146 persons attended the conference, including representatives from Kampuchea (Cambodia), India, Costa Rica, Canada, Indonesia, the Philippines, Kenya, Argentina, Senegal, Switzerland, Ecuador, and the Netherlands.

9. International Conference On Walnuts Held In Turkey

OICD, in cooperation with the Agricultural Research Service (ARS) and the Ministry of Agriculture, Forestry and Rural Affairs of the Republic of Turkey, arranged the First International Conference on Walnuts. The conference took place at the Ataturk Central Horticultural Research Institute in Yalova, Turkey in September, 1988. Scientists from 15 walnut producing countries participated in the conference. The site at Yalova was particularly appropriate as more than 45 different varieties of walnuts are grown there and 16 varieties are released for commercial production. In contrast, the U.S. industry depends on one or two varieties for all of its commercial production. USDA officials, along with the private and university-sponsored participants, were able to gain new insights into worldwide problems in variety preservation and gene pool protection. A follow-up conference is now being arranged in Hungary.

10. Caribbean

Researchers from USDA's Economic Research Service and the Animal and Plant Health Inspection Service, the University of Georgia and the Tuskegee University are among the participants in an OICD-sponsored project to manage the tropical bont tick and associated diseases in the Caribbean. The project has three components: (1) the pilot eradication of the tick from Antigua, to be implemented by OICD; (2) an information and evaluation component, also implemented by OICD, involving an economic impact analysis, a wildlife study, and an overall project evaluation; and (3) a policy and strategy component implemented by AID.

11. U.S.-Spain Program

The U.S.-Spain Program supports cooperative research awards in applied science and technology in accordance with provisions of the U.S.-Spain Agreement on Friendship, Defense and Cooperation. OICD manages the agricultural program on behalf of the U.S.-Spain Program. Forty collaborative research projects between American and Spanish research institutions are currently underway. In addition, joint workshops and long-term scientist assignments are managed by OICD under terms of this agreement. Currently underway is a three-year project between scientists at the University of California at Davis and the Departmento de Fruitcultra in Zaragoza, Spain, which will provide a fundamental data base for the key factor implementing fruit set in crops such as pears, peaches, cherries and kiwifruit. The project reports excellent progress on establishing data bases of the reproductive biology of fruit trees. Research results have been published in three journal papers.

12. U.S.-Israel Binational Agricultural and Research and Development Program (BARD)

While BARD covers all general areas of agriculture, specific emphasis has been placed on: the development of technologies designed to maximize use and sustainability of limited resources such as soil, water and labor; the application of biotechnologies to plants and animals; and post harvest concerns of agricultural commodities. A major research concern of BARD is the preservation of harvested fruits and vegetables until they reach the consumer--specifically, with finding non or low-chemical means of preserving fresh produce in storage. OICD administers cooperative agreements involving Rutgers University, the University of California at Davis and Riverside, and the Agricultural Research Service facility at Fresno, California.

13. Philippines

A collaborative research project between researchers at the University of Georgia and scientists at the University of the Philippines at Los Banos is focusing on development of peanut-based spreads and fermented products and strategies for marketing these products. Researchers plan to develop unusually high peanut-based formulations (at least 90% peanuts) and processing schemes for two basic lines of food products.

14. Egypt-Israel-U.S. (Trinational Program)

Through the TATEC and Nubaseed Projects, the Trinational Program promotes agricultural cooperation among Egypt, Israel and the United States and accelerates agricultural development in both Egypt and Israel. An excellent working relationship (which has weathered the political storms of the region) has been developed among the scientists involved in most of the subprojects. In certain cases this has led to joint publications, particularly in the field of solarization. OICD administers U.S. scientist participation in this program.

15. Azores

OICD is managing a three year Japanese Beetle suppression program in the Azores. The project is coordinated with the Defense and State Departments and is implemented by OICD, the Agriculture Research Service, the Animal and Plant Health Inspection Service and the University of the Azores. A two-tier technical plan focusing on biological control and suppression/quarantine is currently being executed.

16. Associate Professional Officers

An account, with funding from USDA agencies and AID, was established for placing six Associate Professional Officers with the Food and Agriculture Organization and the International Fund for Agricultural Development. These APOs are filling two-year assignments in Nepal, Indonesia, Sudan, Kenya, and two in Rome.

INTERNATIONAL AGRICULTURAL DEVELOPMENT

Current Activities: USDA's objective in this area is to effectively contribute to the establishment of an efficient world agricultural system that produces, markets, and trades at levels sufficient in quantity and quality to provide adequate food and fiber for all people.

In this area, OICD:

1. Participates in the planning, managing, and evaluating of USDA's policies and programs related to agricultural cooperation and development throughout the world.
2. Provides technical assistance and training.
3. Promotes the involvement of the private sector in agricultural development, notably in the Caribbean Basin.
4. Promotes development of countries into stronger trading partners for American goods and services.
5. Participates in the review and evaluation of P.L. 480 Self-Help and Food for Development proposals.
6. Manages the International Science and Education Council's involvement in international development.

OICD agricultural specialists visited over 80 countries on short and long-term assignments. There were 424 short-term technical assistance visits and 178 long-term assignments of at least six months duration in 1989. The agency has 13 individuals on resident assignments overseas and provides administrative support for numerous other individuals posted overseas from other USDA agencies.

Examples of development activities where OICD can assist:

-- economic planning and establishment of data bases for decision making;

-- design and introduction of programs for development of agriculture and natural resources;

-- assessment of agricultural development;

-- evaluation of the availability and use of agricultural support--technology, institutions, and infrastructure;

-- development of systems and procedures for judging the suitability of technology;

-- design and administration of comprehensive training programs in agriculture and rural development to help other nations develop technical and managerial skills;

-- operation of an agriculture information center to respond to inquiries on trade and investment from the private sector and from developing countries.

Most of the funds for this activity are received as reimbursements from AID. The training program for participants from middle-income nations is funded through appropriations.

Selected Examples of Recent Progress:

1. Reimbursable Programs

Development of Weaning Foods

OICD provided information to nutrition workers in developing countries to encourage effective, food technology-based strategies to prevent infant malnutrition. OICD provided recommendations to USAID/Khartoum for implementing a project to manufacture and distribute a sorghum-based weaning food and companion products in the Sudan. The weaning food was developed by OICD cooperators at Colorado State University and Sudanese scientists.

Forestry Support Program

The Forestry Support Program (FSP), an agreement between AID/Bureau for Science and Technology and OICD, in collaboration with the Forest Service, provides technical assistance to AID's natural resources projects worldwide, as well as to Peace Corps foresters, by helping to design, execute, and evaluate a wide range of field projects.

In 1989, the Forestry Support Program provided significant input to the design of a likely new AID-funded agroforestry project in Haiti, led a reforestation project evaluation in Burkina Faso, designed a scope of work for a forestry and soil conservation project in Tunisia, facilitated a Honduran National Environmental Education Workshop, completed an assessment of the development potential of nonedible coconut products for a workshop in American Samoa, and analyzed Mexican environmental organizations. The FSP organized and sponsored a Regional Tree Seed Technology Training Course for English-speaking East African countries. The FSP served as the principal linkage between the Forest Service and USAID/Honduras in initiating that country's Forestry Development Project.

Soil Management Support Services

The Soil Management Support Services (SMSS), an agreement between AID/Bureau for Science and Technology and OICD in collaboration with the Soil Conservation Service (SCS), has established the USDA Soil Taxonomy as the primary soil classification system throughout the world. This effort has focused on standardizing and expanding Soil Taxonomy to include the tropical and sub-tropical soil types so that soil scientists, agriculturalists, land-use planners and others could speak a common language when discussing various soil types in all countries around the globe.
SMSS has promoted this activity since 1980 primarily through the conduct and implementation of International Soil Classification Workshops. The success of this effort is demonstrated by the fact that other governments and donor organizations now jointly share the bulk of the costs for these workshops in collaboration with SMSS. In FY 1989 alone, eight soil classification workshops were held in eight different countries. The fact that the classification system is the one developed by USDA/SCS establishes the U.S. as a major leader in the international soil science arena.

Kenya Agricultural Market Development Program

Representatives from USDA's National Agricultural Statistics Service and OICD worked extensively with the AID mission to Kenya to: 1) complete an assessment of the existing agricultural market information system, including prices, quantities and qualities; 2) complete an assessment of the existing agricultural crop forecasting system, including area, yields and production; 3) design a program of interventions to support implementation of an appropriate agricultural market information system, including complementarily between the market reporting and crop forecasting systems; and 4) present a final report and exit briefing of findings, conclusions and recommendations.

Maize Marketing in Bangladesh

OICD is working with AID/Dhaka and AID/Washington to provide a maize marketing expert to assess consumer acceptance of maize and maize products and how these products should be marketed in Bangladesh. If the maize products are found acceptable, then exporting corn to Bangladesh could increase U.S. trade.

Prevention of Diarrhea

OICD's Food Technology Branch organized an AID-sponsored workshop to develop requirements for specialized foods to speed the recovery of malnourished children with diarrhea. In addition, a scope-of-work was prepared for formulating and testing the specialized food. Preliminary tests of probiotic microorganisms as food additives to help prevent diarrhea in children have been begun by OICD's Cooperators at Virginia Polytechnical Institute.

African Desert Locust

Again this year, AID turned to OICD to coordinate the USDA's response to locust outbreaks in Africa, providing for technicians, trainers, and pesticide procurement to meet the locust threat. OICD called upon and coordinated the efforts of technical personnel from USDA's Forest Service, the Animal and Plant Health Inspection Service, the Agricultural Research Service, the EPA, the Bureau of Land Management, and personnel from departments of agriculture and forestry from several states. Due to this effort, crop losses were minimized and no African country suffered disastrous economic losses.

Soil Conservation in Mexico

OICD is coordinating a long-term World Bank-sponsored soil conservation project in Mexico. USDA's Soil Conservation Service is providing specialists who are supporting the government's efforts to improve drainage, water control, erosion control, grazing lands management, and soil management.

Disaster Assistance Program (DASP)

The Disaster Assistance Support Program, an agreement between the AID/Office of U.S. Foreign Disaster Assistance and OICD, in collaboration with the Forest Service, provides technical assistance in emergency preparedness and emergency response for a wide range of natural disasters. Although the program responds to disasters, its main work is training host country instructors, then delivering courses in the host country using the newly trained instructors. These ongoing activities will assist host countries in developing national capabilities to handle natural disasters such as forest fires, floods, landslides, and earthquakes.

Malawi/MARE Project

The AID-sponsored Malawi Agricultural Research and Extension Project has developed a cadre of host-country trainers competent in the use of the experiential training methodology introduced by the OICD project team. Additionally, plans are underway for the permanent establishment of a Training Unit within the Malawi Ministry of Agriculture, seen as essential by the OICD team to ensure the sustainability of the efforts begun in this project.

Vitamin A

OICD assisted the Government of Indonesia with an AID-sponsored program to introduce vitamin A fortified monosodium glutamate among three million people in rural areas of the country. OICD-recommended fortification equipment has been installed by the major Indonesian MSG manufacturers, and "white" vitamin A from the United States has been delivered. Trial fortification runs were completed in March 1989, and formal project start-up was expected to follow.

Training

During 1989, OICD administered training programs for approximately 2,500 foreign agriculturalists. Training took place at more than 100 American institutions of higher education, including more than a dozen historically Black colleges and universities. Over 350 participants attended 27 OICD technical short courses. Workshops in the United States involved 250 participants and included: "University Course Instructors Workshop"; "Training of Trainers Workshop" for the University of Florida; "AID Africa Agriculture Development Officers Workshop"; "AID Nutrition Workshop" and "Lessons Learned from the Bangladesh and Jamaica Disasters: Workshop for AID'S Office of Foreign Disaster Assistance". Overseas, OICD presented 10 courses and workshops in five countries to 279 participants; conducted a training needs assessment for Madagascar; and developed new training materials on gender analysis for the Food and Agriculture Organization in Rome.

2. Middle-Income Country Training Program

This program, for senior and mid-level participants from select middle-income countries, completed its sixth year. There were 303 participants from 17 countries. The five new countries participating in the program this year included two important U.S. agricultural trading partners: Poland and the People's Republic of China. The others are Thailand, Hong Kong, and Singapore. Two examples from Yugoslavia illustrate how this program creates the linkages necessary for enhancing U.S. trade. The training of two embryo transfer practitioners in the use of U.S. technology dovetails with market development activities of agricultural cooperators to give the United States an excellent position in this developing and potentially lucrative market. The training of an individual soon to be promoted to director of a large textile conglomerate illustrates how the program fosters important contacts, as this individual will soon be influencing decision-making on all cotton imports.

3. Efforts to Support the Caribbean Basin Initiative

Investment missions were organized to the Dominican Republic, Guatemala, the Bahamas, and Grenada. The mission to the Dominican Republic was such a success that another is planned for FY 1990. Specialized technical visits, focusing onissues such as quarantine procedures and regulations, were sent to Costa Rica and Trinidad and Tobago. A conference on hot water treatment of tropical fruits, including mangoes, was conducted in July 1989. This regional workshop on treatments was held to explore new methods for insuring that no products infested with fruitflies enter the United States. Efforts were begun on a project to facilitate the importation of non-competitive, non-traditional agricultural products from Guatemala, and to develop phytosanitary inspection and pesticide residue testing capabilities in the same country.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (deleted language enclosed in brackets).

[Scientific Activities Overseas (Foreign Currency Research Program)]

[For payments in foreign currencies owed to or owned by the United States for market development research authorized by section 104 (b)(1) and for agricultural and forestry research and other functions related thereto authorized by section 104 (b)(3) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704 (b)(1), (3)), $875,000: Provided, that this appropriation shall be available, in addition to other appropriations for these purposes, for payment in the foregoing currencies; Provided further, that funds appropriated herein shall be used for payments in such foreign currencies as the Department determines are needed and can be used most effectively to carry out the purposes of this paragraph; Provided further, that not to exceed $25,000 of this appropriation shall be available in foreign currencies for expenses of employment pursuant to the second section of 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), as amended by 5 U.S.C. 3109.]

This change deletes the appropriation language, since the 1991 budget proposes no funds for this program. Research projects already underway will continue until completed.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SCIENTIFIC ACTIVITIES OVERSEAS

CLASSIFICATION BY OBJECTS

1989 Actual and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters..............	—	—	—
Field......................	$9,950	—	—
11 Total personnel compensation........	9,950	—	—
12 Personnel benefits....	615	—	—
Total pers. comp. & benefits............	10,565	—	—
Other Objects:			
21 Travel................	342,708	$263,659	$214,703
22 Transportation of things...............	860	662	539
23.2 Rental payments to others..............	0	0	0
23.3 Communications, utilities, and misc. charges.......	71,593	55,080	44,852
24 Printing and reproduction.........	2,518	1,937	1,577
25 Other services........	168,482	129,620	105,552
26 Supplies and materials............	9,101	7,002	5,702
31 Equipment.............	13,089	10,070	8,200
41 Grants................	2,296,728	1,766,970	1,438,875
Total other objects...	2,905,079	2,235,000	1,820,000
Total direct obligations......	2,915,644	2,235,000	1,820,000

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SCIENTIFIC ACTIVITIES OVERSEAS

Appropriations Act, 1990..	$875,000
Budget Estimate, 1991..	---
Decrease in Appropriation..	-875,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Market Development Research.............	$87,500	-$87,500	--
Agricultural and Forestry Research......	787,500	-787,500	--
Total Available....................	875,000	-875,000	--

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Actual Amount	1989 Actual Staff Years	1990 Estimated Amount	1990 Estimated Years	Increase or Decrease	1991 Estimate Amount	1991 Estimate Staff Years
1. Market Development Research......	$100,000	--	$ 87,500	--	-$87,500	--	--
2. Agricultural and Forestry Research..	900,000	--	787,500	--	-787,500	--	--
Total Appropriation	1,000,000	--	875,000	--	-875,000 (1)	--	--

The following table reflects carryover into succeeding years of actual or estimated prior year balances and shows total actual or planned obligations.

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual Amount	1989 Actual Staff Years	1990 Estimated Amount	1990 Estimated Staff Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff Years
1. Market Development Research..........	$291,564	--	$ 224,000	--	-$42,000	$182,000	--
2. Agricultural and Forestry Research.	2,624,080	--	2,011,000	--	-373,000	1,638,000	--
Total Obligations.	2,915,644	--	2,235,000	--	-415,000	1,820,000	--
Unobligated balance, start of year.......	-713,000		-10,373,356	--	1,360,000	-9,013,356	--
Adjustments and other income........	-11,576,000		--	--	--	--	--
Unobligated balance, end of year.........	10,373,356	--	9,013,356	--	-1,820,000	7,193,356	--
Total Appropriation.	1,000,000	--	875,000	--	- 875,000 (1)	--	--

EXPLANATION OF PROGRAM

Authorized by P.L. 480 as amended, USDA uses foreign currencies to support research on problems of mutual interest to the United States and participating foreign countries.

Research is conducted abroad through grants negotiated with foreign institutions. Project selection is based on relevance to U.S. agricultural concerns: for example, preventing the incursion of animal diseases or insect pests into American agriculture; or developing plants that are more productive, drought tolerant, or disease resistant. The research also develops markets for American agricultural products and equipment, adds to our knowledge of the environment and cuts the costs of valuable research.

OICD represents USDA in this activity, whose appropriation is allotted as intergovernmental fund transfers when grant awards are obligated for research in foreign countries.

JUSTIFICATION OF INCREASES AND DECREASES

(1) No appropriation requested in 1991 ($875,000 available in 1990).

Need for Change. In recent years, the funds made available to OICD's program have declined. In several cases, alternative funding arrangements have been instituted--for example, the U.S.-India Fund.

Nature of Change. Since the entire amount for project grants is committed when the grant is awarded, existing grants will continue to be serviced until liquidated. All existing grants will be liquidated within five years.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 and Estimated 1990 and 1991

	1989		1990 Estimated		1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Scientific Activities Overseas......	$2,915,644	--	$2,235,000	--	$1,820,000	--

SCIENTIFIC ACTIVITIES OVERSEAS

Foreign Currency Research

Current Activities

This program conducts agricultural and forestry research in foreign countries. Using foreign currency owned by or owed to the United States, the program currently has 250 active grants in seven countries with a dollar value of $21 million and, in the United States, involves more than 300 scientists at USDA and university laboratories.

The research directly benefits United States agriculture. It supports the domestic objectives of USDA agencies and U.S. universities by supplying unique information and biological materials otherwise unavailable to U.S. scientists. The research undertaken is of mutual interest to the United States and to the host countries, and its projects do not displace or duplicate domestic research conducted by the Department or its cooperators. Research costs are typically a fraction of similar costs in the United States.

Selected Examples of Recent Progress:

1. Russian Wheat Aphid

Research is underway to collect biological control agents of the Russian Wheat Aphid in Pakistan and to ship them to the United States for evaluation. Since first appearing in the United States in 1986, the aphid has spread into 15 western states, causing losses of over $150 million to wheat and barley growers.

2. Grain Dust Explosions

Investigations at the Warsaw University of Technology, both in the laboratory and in an experimental mine where full-scale detonations can be studied, should make significant contributions toward understanding grain dust explosions and their prevention.

3. Aquaculture

A number of research projects in aquaculture with the Taiwanese are having a direct impact on the U.S. aquaculture industry. Areas of research include "Diseases of Finfish", "Intensive Production Systems", and the "Nutrition of Shrimp" . Fish nutrition research which promotes the use of soybeans rather than fish meal in feeds is particularly promising since it lowers feed bills for U.S. producers and increases the use of soybeans.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Passenger Motor Vehicles

A single vehicle is used for transporting mail, cables, and packages to and from the USDA complex on 14th St. and Independence Ave. It is also used to provide transportation for visiting foreign dignitaries along with the Administrator of OICD when on official business.

The vehicle is less than one year old and had logged 2,802 miles as of November 3, 1989.

TUESDAY, MARCH 13, 1990.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

WITNESSES

RICHARD T. CROWDER, UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

JOHN CAMPBELL, DEPUTY SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

KEITH D. BJERKE, ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

DAVID C. HALL, DIRECTOR, BUDGET DIVISION

STEPHEN B. DEWHURST, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

OPENING REMARKS

Mr. WHITTEN. The committee will come to order.

We have with us Mr. Richard T. Crowder, Under Secretary for International Affairs and Commodity Programs and your associates. We are glad to have you. Please present your associates. And if they are new to the committee, the biographical sketch will be included in the record. We are glad to hear from you.

[CLERK'S NOTE.—The biographical sketch for Mr. Bjerke appears on page 460.]

STATEMENT OF RICHARD T. CROWDER

Mr. CROWDER. Thanks very much, Mr. Chairman.

I am pleased to be with you today. About a week ago we were here talking about the Foreign Agricultural Service and the Organization for International Cooperation and Development.

Today we would like to discuss the fiscal year 1991 budget and program proposals for the Agricultural Stabilization and Conservation Service, ASCS.

I am accompanied this afternoon by John Campbell, who is Deputy Under Secretary for International Affairs and Commodity Programs; and Mr. Keith Bjerke, who is the Administrator of ASCS and who is making his first appearance before this committee. He has prepared a statement which provides the details on the fiscal year 1991 budget and budget proposals for ASCS and the Commodity Credit Corporation, but before proceeding to his statement, I would like to make a couple of introductory comments, if I could.

The President's budget for fiscal year 1991 proposes a number of new initiatives to protect the Nation's soil, water, and related resources, and it is one of the strongest conservation budgets proposed in recent years. ASCS-administered conservation programs can contribute to meeting our environmental objectives.

We are requesting funds for the ACP, Agricultural Conservation Program, for the first time in many years. This will support traditional ACP activities to restore and protect basic land and water resources, as well as fund special water quality projects in support of the Presidential Water Quality Initiative begun last year.

The budget proposes to continue funding for the Forestry Incentives Program at last year's level. This program complements the Administration's America the Beautiful Initiative proposed in the 1991 budget.

For the Conservation Reserve Program, the budget includes a program level which will be sufficient to achieve a 40-million-acre reserve by the end of the 1990 crop year, as provided in the Food Security Act of 1985.

For the Commodity Credit Corporation, we are again proposing a current, indefinite appropriation for reimbursement of CCC's realized losses directly from the Treasury to ensure that we are able to continue payments for farm programs without any disruptions, as they have occurred in the past.

Finally, we are requesting $630 million for ASCS salaries and expenses for 1991, a small increase above this year's level, and this is to meet higher salary and operating costs for the agency.

Mr. Chairman, this concludes my introductory remarks. I would like now to answer any questions you may have or to have Mr. Bjerke present his statement, which I would propose.

COMMENTS ON THE ACP

Mr. WHITTEN. You know, through the years—in the first place I have been on the Defense Subcommittee since 1943, and over the years have served on Public Works and all other subcommittees. I retained Chairmanship of the Agriculture and Related Agencies subcommittee because it involves some 80-odd percent of the country. That 80 percent is considered rural America and it needs all the help it can get. It looks like as time passes and we get more and more urban, we neglect the value of agriculture in world trade and domestic trade. We forget it is the caretaker of our land for present and future generations.

And I note where the Secretary said how we would restore the Agricultural Conservation Program if you didn't request it. He undoubtedly is right. But in restoring it, you called on the farmer to put up about $3 for each Federal $1 at a time when he is in bad financial shape. So, whether ACP works or not depends on whether the farmer can come up with his share of the money and spend his money taking care of the land for the rest of us and future generations.

We have worked very hard through the years, and I guess we have restored the Agricultural Conservation Program some 35 or 36 times. Now, I know that many times that has been done because the executive branch wanted to make Congress take the responsibility for restoring it, but nevertheless, we have had to do it. We have had several disagreements about the program. I want the record to show that it still works, where the local committees make the recommendations to the State committee, and the State committee to Washington, and Washington approves. It looks to me like we have been having too much dictation from the top level people in the Department back to the farmer.

But despite all we read and hear, American agriculture is historically the biggest dollar earner in world trade. For 48 years, the farmer received his money from the folks he sold his products to. Now, we have a program where it is definitely weighted in favor of the processor. They get about $4 billion to export products but that cost is charged to the farm programs. All these big commercial companies get their advertising paid for and it is charged to the farmers. We seem to have a whole lot of folks at the top level that do not seem to understand what they are working with. It is a serious situation, and something is going to change.

So, I just want Mr. Bjerke to let us know what the ACP practices are, how they were arrived at, and what you are going to do about it. We will be glad to hear from him.

Mr. **Crowder**. Keith?

Statement of Keith D. Bjerke

Mr. **Bjerke**. Thank you, Mr. Chairman. I am Keith Bjerke. I have submitted a statement for the record, and I would like to summarize what is in that statement rather than read it.

Mr. **Whitten**. That is good. I would also ask you to do like I ask you to.

Mr. **Bjerke**. Yes, sir.

Mr. **Whitten**. Go ahead.

Mr. **Bjerke**. I appreciate the opportunity to be with you and to present our fiscal year 1991 budget for the Agricultural Stabilization and Conservation Service. I will summarize those proposals, as I mentioned earlier, on the Commodity Credit Corporation, the salaries and expenses account, and the conservation programs.

I am very pleased to testify in support of our Agricultural Conservation Program request for $176 million. This level will provide $129.2 million for annual conservation practices, $20 million for long-term agreements, $2 million for the variable cost-share level project, $1.8 million for Forest Service technical assistance, and also $23 million to support the Department's ongoing water quality initiative.

Nine sign-ups for the Conservation Reserve Program have enrolled approximately 34 million acres. Our 1991 request of $1.878 billion, together with a carryover unobligated balance from fiscal year 1990, will be sufficient to fund an additional 6 million acres, to achieve a 40-million-acre reserve.

However, as you know, Mr. Chairman, the tenth signup is on hold pending congressional consideration of the Secretary's recommendations for the CRP that are included in the Department's farm bill proposals. These proposals still call for a 40-million-acre reserve as does the January budget, but would redirect the objectives of the remaining 6 million acres towards wetlands, water quality, and tree planting in environmentally sensitive areas.

The $14.8 million requested for the salinity program will support the Administration's water quality initiative and will move the program closer to the original implementation schedule by funding ongoing activities in six projects and pre-implementation activities for the other two projects under consideration.

Under the Water Bank Program for fiscal year 1991, we are proposing $12.8 million to carry out a dual program under proposed legislation to permit participants to choose between entering into the traditional 10-year agreements or selling permanent conservation easements on their wetlands and adjacent land.

The fiscal year 1991 request of $12.4 million for the Forestry Incentives Program is the same amount as Congress has provided in fiscal year 1990.

The net Commodity Credit Corporation outlays for fiscal year 1991 are projected at $11.7 billion, an increase of $3.5 billion over 1990. These 1991 outlays are based largely on 1990-crop provisions of the Food Security Act, and in the absence of legislation, the 1991-crop target prices are assumed to be the same as the 1990-crop levels. The projected increase in outlays is due mostly to expected higher production, assuming more normal weather.

The budget proposes a reduction in fiscal year 1991 CCC outlays of $1.5 billion from the $11.7 billion current law baseline estimate. Program changes to achieve this reduction will be developed through the legislative process.

For CCC financing, the President's budget again proposes a current, indefinite appropriation with no cap for reimbursement of CCC losses. Although we do not currently foresee a problem with borrowing authority availability in the 1991 fiscal year, a new farm bill could create a need for financing flexibility. We estimate that $6.1 billion will be drawn down under the proposed authority in fiscal year 1991.

Under ASCS farm program administration, Mr. Chairman, I would like to note that we greatly appreciate this committee's support in providing the necessary administrative funding under the 1989 Supplemental Appropriations Act to carry out legislated disaster assistance activities.

For our fiscal year 1991 CCC transfer authority, a request of $630.4 million anticipates a reduction of 2,400 county office staff years from the fiscal year 1990 estimate, for a level of 15,200 in fiscal year 1991. The projected reduction primarily reflects the completion of workload associated with the Disaster Assistance Act of 1989 and no Conservation Reserve Program signups in fiscal year 1991. I would like to emphasize, however, that our 1991 administrative funding proposals are based on current law, and our estimates could change substantially depending on the provisions of the new farm bill.

Despite the projected staffing decrease, our 1991 transfer authority request is $6.7 million higher than the 1990 authorization, after adjusting for an $8.9 million Gramm-Rudman-Hollings reduction. This increase is due mainly to annualization of the fiscal year 1990 pay raise, an anticipated pay raise of 3.5 percent in fiscal year 1991, increased operating costs such as rent and utilities, and higher average staff-year costs since we project fewer temporary employees in 1991.

Mr. Chairman, this concludes the summary of my prepared remarks, and I would be happy to try to answer any questions that you have at this time.

[CLERK'S NOTE.—Mr. Bjerke's written testimony appears on pages 453 through 459. The Agricultural Stabilization and Conservation Service explanatory notes appear on pages 461 through 628.]

Mr. WHITTEN. As I say, you might file with the committee a list of the ACP practices that exist under current law and whether or not they were in line with the law and with the directives of the Congress. I would be glad to have you do that. I know it may be voluminous, but you have it and I would like for it to be filed with the committee. We will determine what to do from there.

Mr. BJERKE. We would be glad to.

[The information follows:]

ACP PRACTICES

ACP practices are developed through county and State Conservation Review Group recommendations that are sent to the National Conservation Review Group for consideration. A list of approved practices is made available to States and counties to select from based on their conservation needs. We are confident that these practices are in line with the law.

PRACTICE NUMBER AND NAME

SL1	Permanent vegetative cover establishment.
SL2	Permanent vegetative cover improvement.
SL3	Stripcropping systems.
SL4	Terrace systems.
SL5	Diversions.
SL6	Grazing land protection.
SL7	Windbreak restoration or establishment.
SL8	Cropland protective cover.
SL9	Farmstead and feedlot windbreaks.
SL11	Permanent vegetative cover on critical areas.
SL12	Vegetative row barriers.
SL13	Contour farming.
SL14	Reduced tillage systems.

SL15	No-till systems.
WC1	Water impoundment reservoirs.
WC2	Spreader ditches and dikes.
WC3	Rangeland moisture conservation.
WC4	Irrigation water conservation.
WP1	Sediment retention or water control structures.
WP2	Stream protection.
WP3	Sod waterways.
WP4	Animal waste control facilities.
FR1	Forest tree plantations.
FR2	Forest tree stand improvement.
FR3	Site preparation for natural regeneration.
WL1	Permanent wildlife habitat.
WL2	Shallow water areas for wild waterfowl.
SP1	Plugging artesian wells.
SP10	Streambank stabilization.
SP22	Establishing or maintaining vegetative cover on cropland.
SP24	Raising clod-forming subsoil to prevent blowing.
SP25	Subsoiling.
SP31	Interim wildlife food and cover.
SP32	Restoration of salt damaged soil.
SP35	Water management systems for pollution control.
SP40	Erosion control in a crop management system.
SP42	Long term permanent cover on hillsides.
SP43	Forest land management roads.
SP44	Stand analysis for forest management planting.
SP45	Land smoothing for salinity control.
SP46	Aquaculture waste control facility.
SP52	Straw mulching for furrow irrigation.
SP53	Integrated crop management.

COMMENTS ON AGRICULTURAL PROGRAMS

Mr. WHITTEN. As I say, some 35 or 36 times we have had to restore the ACP program. That is not to mean everybody in the Department is for its abolishment, but the executive branch figures that we should take the responsibility of restoring it.

There are some things that are hard to understand here, except I think I do understand it, but it is hard to accept.

The Commodity Credit Corporation was created years ago because, under our Constitution, you cannot have a partnership between a business and the Government. In most countries you can. So, since our Government could not be a party to seeing that we got our fair share of world markets, we set up a corporation, the primary purpose of which is to see that through loans and purchases we maintain a comparative balance between the agricultural industry and labor.

We also passed section 32 of the AAA Act which provides 30 percent of import duties to be set aside to see that agriculture remains competitive. You have to realize that labor has its minimum wage and the right of labor unions to organize and to demand, and that industry passes these costs on to the consumer. That is not called a subsidy, but everything the farmer gets is called a subsidy.

Now, when Gramm-Rudman passed, I was instrumental, along with Mr. Smith from Iowa, in exempting the Commodity Credit Corporation from sequestration. The purpose in mind was to let it carry out its duties of support and sales. It has been used for everything but that.

CURRENT, INDEFINITE AUTHORITY FOR CCC

Now, I ask you how you can justify—and I am sure you are speaking for your group—asking for an open-ended draw from Treasury for CCC. The Administration will not let you touch the budget for more money. But if you go use CCC, the sky is the limit. You want to take off all limits on CCC. How do you justify the one as against the other?

Mr. BJERKE. Under the CCC Charter Act, we need to fund the farm programs as enacted by Congress, and all we ask for is the ability——

Mr. WHITTEN. Take off the lid. That is what you asked for. So, you make us cut out programs because of Gramm-Rudman here, and then you can spend all you want just putting it under CCC. It is like the savings and loan bailout. We do not count that on budget. That does not keep us from owing it.

Do you see how the two things conflict?

Mr. BJERKE. I understand that we all are accountable and that we audit our books——

Mr. WHITTEN. Yes. We are accountable upstairs, but I am talking about in the Congress. [Laughter.]

How do you justify that? I see you are vice president of the CCC and you are going to have to run it. Are you just going to take the roof off?

Mr. BJERKE. No, sir. We ~~do it~~ only under congressional authority, and then only duly accounted and within the statutes, including the CCC Charter Act.

Mr. WHITTEN. Well, we are faced right now with requests for aid to Nicaragua and aid to Panama. Are we going to finance that through CCC? You don't know. You are shaking your head, but you don't know, do you?

Mr. BJERKE. We do not finance it through CCC.

Mr. WHITTEN. Under your proposal there is no limit to this thing.

Now, what kind of state are we in? Are we taking care of the land pretty well or not?

CRP RENTAL RATES

Mr. **Bjerke**. There has been tremendous progress made in the Conservation Reserve Program with 34 million acres of highly erodible land placed——

Mr. **Whitten**. Well, what have you done to collect the money that you have been paying out erroneously for the land? We had an investigation on CRP payments. In about four States, as I recall it, ASCS permitted local rental rates to be increased to reflect other cost factors such as maintenance and return on investment and other things. All of which is in violation of the act of Congress saying payments had to be in line with the local rate. What are you doing about those States where that is true? I am sure the Inspector General reported to you.

Mr. **Bjerke**. We have had several reports this year on maximum acceptable rental rates.

Mr. **Whitten**. So, now that you have read the reports, I am asking you what have you done?

Mr. **Bjerke**. Well, we have justified to Congress and to the Office of the Inspector General and the GAO that rates are in fact in line with——

Mr. **Whitten**. The next question is what was your testimony?

Mr. **Bjerke**. The testimony was that they are in accord with the law and in fact the rental rates have been——

Mr. **Whitten**. In accord with the law? Well, now wait a minute. Congress writes the law and what the committee says in its report is what the appropriation is to be used for.

So, you have not done anything to recapture the money that was paid out.

Mr. **Bjerke**. No, sir.

Mr. **Whitten**. Do you anticipate doing anything?

Mr. **Bjerke**. Not as long as we believe that the money that we are paying for rent is in accordance with what is fair and just under the law.

Mr. **Whitten**. Despite the restrictions that have been imposed by the Congress.

Mr. **Bjerke**. To be a fair and reasonable amount of rent commensurate with other rents in the area——

Mr. **Whitten**. Well, the finding of the Inspector General just says otherwise.

Mr. **Bjerke**. Well, the Inspector General, if you look at the report, was saying that we should compare a 10-year contract with a one-year contract, and we do not believe that is a valid assumption in that the time value of money and the time value of any asset is different over a 10-year period than it is in a one-year period. As we collected data on longer term rental agreements——

Mr. **Whitten**. In other words, you build in inflation.

Mr. **Bjerke**. Inflation and the time value of money, yes, sir.

Mr. **Whitten**. Well, the value is based on inflation.

Mr. **Bjerke**. The value of land, the value of the resource.

Mr. **Whitten**. Well, I greatly believe in the soundness of conservation. In other words, the farmer historically has been the caretaker of the land and our natural resources for future generations. I am glad to see that the Secretary has gone along with including

ACP funds. But we still have to point out that for it to work, the farmer is going to have to be able to put up about $3 to $1 historically. And I cannot see where the farmer today is in the shape to carry that out.

CONSERVATION COMPLIANCE

Now, the legislative committee required a five-year plan. A plan for implementing conservation practices on the farm. Now, there is a real serious question in the Department, so I understand, as to whether a farmer with his present income can carry out that plan in five years. What is going to happen if he cannot do that?

Mr. **Bjerke**. I have talked to many farmers since I have been in this chair, and of course I have been a farmer for 25 years. And I believe that farmers have been making progress in conservation for more than a decade of their lives, and they are not waiting for the next five years to make progress in conservation.

Many farmers have already carried out the practices required to be in compliance with the conservation plan. Those that have not are standing at our offices and applying for ACP practices so we will be able to help them.

Mr. **Whitten**. You think that they will be able to carry out their end.

Mr. **Bjerke**. Yes, sir, I really do.

Mr. **Whitten**. Will you keep the committee advised as to the progress on a proper basis as you see it?

Mr. **Bjerke**. Right.

COUNTY OFFICE STAFF YEARS

Mr. **Whitten**. We notice in your explanatory notes that your projection for ASCS county employee staff years for fiscal year 1990 are approximately 17,600 and for fiscal year 1991 you project 15,200 with the explanation that county staff-year estimates for 1991 assume continuation of programs and activities under the Food Security Act of 1985. How much of the reduction is related to disaster assistance work and how much is related to other program changes?

Mr. **Bjerke**. Of the estimated 2,400 staff-year decrease in fiscal year 1991, 1,974 staff years relate to the completion of the 1988 and 1989 disaster programs in fiscal year 1990 and the release of temporary employees used to administer these programs. The remaining staff-year reduction reflects lower estimated workload in other program activities, including a 188 staff-year reduction as a result of no CRP signup in fiscal year 1991. However, Congressional action on the Administration's farm bill proposals could significantly affect ASCS workload, particularly the disaster and conservation reserve provisions.

FISCAL YEAR 1991 FUNDING REQUEST

Mr. **Whitten**. For the record, would you please provide for us what the ASCS agency request was to the Department, the Department's request of OMB, and the OMB allowance for fiscal year 1991?

[The information follows:]

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Stabilization and Conservation Service
FY 1990 Appropriations and FY 1991 Action
(dollars in thousands)

		FY 1991		
	FY 1990 1/ Appropriation	Agency Estimates	Department Estimates	President's Budget
ASCS:				
Salaries and Expenses Transfers from CCC	(623,732)	(646,980)	(646,980)	(630,406)
CRP	1,010,978	2,145,247	2,121,902	1,878,038
ACP	182,369	210,000	187,800	176,000
ECP	9,927	10,000	10,000	0
FIP	12,446	12,446	12,446	12,446
WBP	12,240	15,000	12,793	12,793 2/
Current Law	(12,240)	--	(10,498)	(10,498)
Proposed Legislation	--	(15,000)	(2,295)	(2,295)
Salinity	10,341	15,488	15,488	14,783
Dairy Indemnity	5	0 3/	0 3/	0 3/
Subtotal, ASCS	1,238,306	2,408,181	2,360,429	2,094,060
CCC--Reimbursement, Net Realized Losses	4,233,000	6,100,000 4/	6,100,000 4/	6,100,000 4/
Export Guarantee Loans	(5,500,000)	(5,500,000)	(5,500,000)	(5,500,000)
Subtotal, CCC	4,233,006	6,100,000	6,100,000	6,100,000
CCC Transfer to FAS-General Sales Manager	(7,415)	(8,351)	(8,036)	(8,090)
Public Law 480	978,221	1,104,000	1,104,000	897,853 5/
TOTAL	6,449,527	9,612,181	9,564,529	9,091,913

1/ Reduced by the Gramm-Rudman-Hollings sequester amount, where applicable.
2/ Reflects a dual program offering farmers a choice of 10-year agreements or permanent conservation easements under proposed legislation.
3/ Assumes that carryover balances will be sufficient to fund DIP in FY 1991.
4/ Proposes reimbursement through a current, indefinite appropriation in FY 1991. The $6.1 billion represents anticipated use of this authority.
5/ Reflects application of $131.1 million in carryover funds used to reduce the appropriation request. This carryover was not assumed in Agency/Department Estimates.

GRANTS, SUBSIDIES, AND CONTRIBUTIONS

Mr. WHITTEN. Last year's explanatory notes estimated the funding for Object Class 41, Grants, Subsidies and Contributions, to be approximately $2.4 billion. Your actual total for 1989 was right at $2 billion. What accounted for the significant change?

Mr. BJERKE. Most of the difference between estimated and actual 1989 obligations is attributable to the CRP, which ended the year nearly $400 million below the estimate. This outcome was due mainly to a delay in producers' requests for cost-sharing for vegetative cover, since efforts to establish cover were hampered by drought in many parts of the county.

ACTUAL VERSUS ESTIMATE—OBJECT CLASS 25

Mr. WHITTEN. In the last couple of years there has been significant variances in the amount estimated and the actual amount spent in Object Class 25, Other Services. Again this year your explanatory notes show a change approximately $18 million from 1989 to 1990. In the past, the change has been due to cooperative agreements between the Soil Conservation Service for CRP technical assistance. Is that again true for this year or is some other factor involved?

Mr. BJERKE. Yes, it is true that the primary reason for the $18 million decrease from 1989 to 1990 is cooperative agreements with the Soil Conservation Service and Forest Service for CRP technical assistance.

Payments from CRP funds totalling $27.9 million were made to SCS and FS in 1989, compared to an estimated $8.2 million for this purpose in 1990.

AGRICULTURAL CONSERVATION PROGRAM

Mr. WHITTEN. Last year the Congress provided an additional $8 million for water quality projects related to the Agricultural Conservation Program—ACP. Please provide an historic table showing the amount of funds from ACP specifically set up each year for water quality projects.

[The information follows:]

ACP WATER QUALITY PROJECTS AND ALLOCATIONS

Year	Model implementation projects	Water quality special projects	ACP salinity projects	Total
1978	$1,356,000			$1,356,000
1979	1,515,000	$4,425,000	$1,700,000	7,640,000
1980	1,174,000	3,535,000	3,700,000	8,409,000
1981	960,000	2,310,143	3,700,000	6,970,143
1982			3,700,000	3,700,000
1983			4,000,000	4,000,000
1984			3,700,000	3,700,000
1985			3,200,000	3,200,000
1986			800,000	800,000
1987			[1] 2,196,000	2,196,000
1988		6,795,000		6,795,000
1989		11,717,366		11,717,366
1990		[2] 20,100,000		20,100,000

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[1] Fiscal year 1986 funds allocated in fiscal year 1987. Fiscal year 1986 was the last year of funding the Salinity projects under ACP since the Colorado River Basin Salinity Control Program became a separately funded program in fiscal year 1987.

[2] As of March 13, not all funds had been allocated. $12.1 million is earmarked for water quality special projects, $7.1 million is earmarked for USDA hydrologic unit area projects, and $0.9 million is earmarked for USDA water quality demonstration projects.

Mr. WHITTEN. ASCS recently announced its selection of sites for eight USDA water quality demonstration projects and 37 USDA nonpoint source hydrologic units. Please provide that information by State and area for the record. Include with that the amount of funding that goes with each project.

[The information follows:]

USDA WATER QUALITY DEMONSTRATION PROJECTS [1]

State	Project	Counties
California	Sacramento Valley	Butte, Colusa Sutter, Yuba.
Florida	Lake Manatee watershed	Manatee.
Maryland	Monocacy River watershed	Carroll, Frederick, Montgomery.
Minnesota	Anoka Sand Plain	Anola, Benton, Chisagao, Hennepin, Isanti, Mille Lacs, Ramsey, Sherburne, Stearns, Washington, Wright.
Nebraska	Mid-Nebraska water quality	Adams, Butler, Clay, Fillmore, Hamilton, Kearney, Polk, Seward, York, Webster.
North Carolina	Herrings Marsh Run	Northwestern Duplin.
Texas	Seco Creek	Bandera, Medina, Uvalde.
Wisconsin	Eash River watershed	Brown.

[1] Total ASCS funding available is $900,000. The level of ASCS funding for each project had not been determined as of March 13, 1990.

USDA NONPOINT SOURCE HYDROLOGIC UNITS [1]

State	Project
Alabama	Sand Mountain/Lake Guntersville.
Arizona	Casa Grande/Coolidge.
Arkansas	Moore's Creek.
California	Westside San Joaquin Velley.
Connecticut	Housatonic River.
Delaware	Inland Bays.
Florida	Middle Suwannee River.
Illinois	Illinois River Sands.
Indiana	Upper Tippecanoe.
Iowa	Union Grove and Black Hawk.
Louisiana	Bayou Queue De Tortue.
Maine	Long/Cross Lakes.
Massachusetts	Buzzards Bay.
Michigan	Sycamore Creek.
Minnesota	St. Peter/Prairie Du Chien.
Mississippi	Tangipahoa River.
Montana	Godfrey Creek.
Nebraska	Elm Creek.
New Hampshire	Great Bay.
New Mexico	Dona Ana/Sierra.
New York	East Sidney Lake.
North Carolina	Goshen Swamp.
North Dakota	Bowman/Haley.
Ohio	Indian Lake.
Oklahoma	Battle Branch.
Oregon	Ontario.
Puerto Rico	Lake Loiza.
Rhode Island	Pawcatuck.
South Carolina	Camping Creek.
South Dakota	Richmond Lake.
Tennessee	North Fork Creek and Fall Creek.
Texas	Upper North Bosque.
Utah	Little Bear River.

USDA NONPOINT SOURCE HYDROLOGIC UNITS [1]—Continued

State	Project
Vermont	Lower Missisquoi.
West Virginia	Greenbriar River.
Wisconsin	Plover/Whiting Wellhead Area.
Wyoming	Ocean Lake.

[1] Total ASCS funding available is $7,000,000. The amount of ACP cost-shares for each project area had not been determined as of March 13, 1990.

Mr. **Whitten**. Describe for us the Variable Cost-Share Level Project.

Mr. **Bjerke**. The Variable Cost-Share Level Project is a voluntary effort which uses the Universal Soil Loss Equation and the Wind Erosion Equation to relate cost-share levels to the severity of the pretreatment erosion and the amount of soil saved. Cost-share rates range from 20 to 75 percent. In other words, variable cost-share levels enable county committees to place more emphasis on greater soil saving practices. The project assists counties in identifying high priority conservation needs and achieves more conservation per dollar than the regular ACP.

Mr. **Whitten**. How long has this activity been part of ACP?

Mr. **Bjerke**. The VC/SL method was implemented in 1981.

Mr. **Whitten**. What was the annual funding for the activity?

Mr. **Bjerke**. As an incentive to use the VC/SL, $2 million in addition to regular annual practice allocations is allocated annually to participating States and counties.

Mr. **Whitten**. Your fiscal year 1991 request for ACP shows a decrease of over $6 million and an increase for water quality project initiatives. This would result in a decrease to the annual ACP program of almost $10 million. Approximately how many additional farmers could participate in the ACP program with the funds you propose to delete from the program?

Mr. **Bjerke**. For fiscal year 1991, $23 million is earmarked for water quality projects. However, under the water quality special projects the same practices are used that are under the annual ACP program. The purpose of the water quality special projects is to concentrate assistance in critical areas with water quality problems so that a greater impact on treating a water pollution source can be achieved. The difference in the annual ACP program because of the decrease in program funding and the increase in water quality special projects is $9.2 million. The $9.2 million, at an average cost-share payment of $1,265 per participant, would provide financial assistance for about 7,300 producers. The additional $2.9 million earmarked for water quality projects in fiscal year 1991 would provide financial assistance to about 2,300 producers.

Mr. **Whitten**. For the record, please provide the table of ACP accomplishments performed in fiscal year 1988 and the total accomplishments for 1936 through 1988.

[The information follows:]

AGRICULTURAL CONSERVATION PROGRAM

[Practices performed in 1988 and total accomplishments 1936–88]

Practice	Unit	Extent under 1988 program	Total accomplishments 1936–88
Water impoundment reservoirs constructed to reduce erosion, distribute grazing, conserve vegetative cover and wildlife, or provide fire protection and other agricultural uses	[1] 1,000	21	2,605
Terraces constructed to reduce erosion, conserve water, or prevent or abate pollution	[2] 1,000	964	40,945
Stripcropping systems established to reduce wind or water erosion or to prevent or abate pollution	[2] 1,000	139	116,200
Trees or shrubs planted for forestry purposes, erosion control or environmental enhancement	[2] 1,000	252	8,970
Forest tree stands improved for forestry purposes or environmental enhancement	[2] 1,000	38	5,239
Wildlife conservation	[2] 1,000	48	[3] 14,946
Sediment pollution-abatement structures or runoff control measures	[2] 1,000	474	[4] 21,739
Conservation tillage including reduced tillage and no-till	[2] 1,000	445	[5] 6,751

[1] Structures. [2] Acres. [3] From 1962 with certain data estimated. [4] From 1970. [5] From 1973.

Mr. **Whitten**. Please list for the record all the regular and special practices of ACP that were carried out in the most recent fiscal year for which you have the data. Also provide the percentage of funds obligated during that fiscal year for each of the practices.

[The information follows:]

Fiscal year 1989 ACP practices and percent of total cost-shares

Practice number and name	*Percent of U.S. total cost-shares*
SL1—Permanent vegetative cover establishment	15.22
SL2—Permanent vegetative cover improvement	7.87
SL3—Stripcropping systems	1.21
SL4—Terrace systems	11.85
SL5—Diversions	1.35
SL6—Grazing land protection	8.56
SL7—Windbreak restoration or establishment	.53
SL8—Cropland protective cover	2.68
SL9—Farmstead and feedlot windbreaks	.76
SL11—Permanent vegetative cover on critical areas	1.59
SL12—Vegetative row barriers	(1)
SL13—Contour farming	.20
SL14—Reduced tillage systems	.64
SL15—No-till systems	1.78
WC1—Water impoundment reservoirs	5.18
WC2—Spreader ditches and dikes	.02
WC3—Rangeland moisture conservation	.01
WC4—Irrigation water conservation	17.02
WP1—Sediment retention or water control structures	5.42
WP2—Stream protection	.15
WP3—Sod waterways	5.61
WP4—Animal waste control facilities	4.24
FR1—Forest tree plantations	4.91
FR2—Forest tree stand improvement	.77
FR3—Site prep for natural regeneration	.06
WL1—Permanent wildlife habitat	.32
WL2—Shallow water areas for wild waterfowl	.57
SP1—Plugging artesian wells	.04
SP10—Streambank stabilization	.14
SP24—Raising clod-forming subsoil to prevent blowing	.07
SP25—Subsoiling	.03
SP31—Interim wildlife food and cover	.02
SP35—Water management systems for pollution control	.54
SP38—Forest tree stand improvement/fuelwood utilization	(1)
SP40—Erosion control in a crop management system	(1)

Practice number and name	Percent of U.S. total cost-shares
SP42—Long term permanent cover on hillsides	([1])
SP43—Forest land management roads	.04
SP44—Stand analysis for forest management planting	.10
SP45—Land smoothing for salinity control	.01
SP46—Aquaculture waste control facility	([1])
SP51—Improve vegetative cover damaged by drought	.49
SP52—Straw mulching for furrow irrigation	.01

[1] Less than 0.005.

Mr. Whitten. For the record, please list the number of participants in the Agricultural Conservation Program for each of the past ten years.

[The information follows:]

Agricultural Conservation Program—number of participants, 1979–88

Year:	Participants
1988	139,938
1987	107,321
1986	116,952
1985	164,893
1984	162,093
1983	203,642
1982	199,671
1981	237,289
1980	226,440
1979	339,558

Mr. Whitten. Please provide for the record the average cost per participant for each of the past ten fiscal years.

[The information follows:]

Agricultural Conservation Program—average cost per participant, 1979–88

Year:	Amount
1988	$1,299
1987	1,163
1986	1,083
1985	990
1984	901
1983	821
1982	764
1981	742
1980	749
1979	679

Mr. Whitten. Last year Mr. Hertz testified that pending the results of the National Resource Inventory, ASCS may consider changing the allocation formula for ACP funds. Have you, in fact, made any decision on changing the allocation? What is the status of your review of the NRI?

Mr. Bjerke. ASCS plans to revise the conservation needs base for each State. The conservation needs base is the foundation from which each State's share of the ACP allocation is determined. The new allocation system will reflect those natural resource problems in need of treatment which the ACP is authorized to address and will be consistent with the 1988–1997 National Conservation Program.

ASCS will utilize the recently completed 1987 National Resource Inventory, State 319 Water Quality Plans, and other available resource surveys to develop the new allocation system. Any allocation system that is developed will be thoroughly reviewed to determine the environmental, economic, and sociological effects. ASCS will not make a final decision on whether to implement a new allocation system until that review has been completed and appropriately coordinated.

When a revised conservation needs base is determined, a constraint will be retained on the amount by which any State's share of funds will change. This is currently a part of the allocation process.

Mr. **Whitten**. Recently, ASCS approved a new conservation practice called the "Integrated Crop Management" practice. Please provide some details on the reason for establishing the new practice and conservation gains you propose to reap from the use of this practice.

Mr. **Bjerke**. Integrated Crop Management—ICM—is the systematic use of crop management measures that seek to curtail any excess use of pesticides and nutrients and ensure that they are used in an environmentally sound manner while maintaining farm income. States and counties were offered the opportunity to volunteer to test the new ICM practice with a limit of no more than 5 counties and 20 producers per county in 1990. For 1990, 45 States and 224 counties volunteered to offer the practice.

The ICM practice was developed based on a request submitted by Michigan for cost-sharing for Integrated Pest Management—IPM—during their 1988 Conservation Review Group meetings. Similar requests for IPM and nutrient management had been submitted in previous years. In 1989, 8 States requested a cost-shared practice for IPM. Experience from the Rural Clean Water Program has shown the benefits of installing practices for nutrient and pesticide management.

The ICM practice is expected to obtain multiple benefits, such as protect and improve soil fertility; prevent and abate pollution and protect water quality; increase farm efficiency; encourage expansion and development of an infrastructure to support ICM; and decrease exposure to toxics.

Mr. **Whitten**. It is our understanding that the Extension Service has agreed to provide technical assistance for this practice in some States. Will ASCS reimburse the Extension Service for its assistance?

Mr. **Bjerke**. ASCS is currently working on an ASCS/ES Memorandum of Understanding that will provide for a technical assistance transfer of funds to ES for work done on the Integrated Crop Management practice of the Agricultural Conservation Program.

Mr. **Whitten**. During fiscal year 1989, 42 projects were approved for the water quality special projects activity. Please provide a list of where these projects were.

[The information follows:]

ACP water quality special projects

State:	*Projects*
Alabama	2
Arkansas	2
Colorado	1
Connecticut	1
Delaware	1
Idaho	1
Indiana	1
Iowa	2

Kentucky	1
Louisiana	1
Maine	2
Maryland	1
Minnesota	1
Mississippi	2
Montana	1
Nebraska	2
New York	3
N. Carolina	1
Ohio	2
Oregon	2
Pennsylvania	1
Puerto Rico	1
S. Carolina	2
Tennessee	1
Texas	1
Utah	2
Vermont	1
Washington	1
W. Virginia	1
Wisconsin	1
Total	42

NAVAL STORES CONSERVATION PROGRAM

Mr. WHITTEN. The table in the explanatory notes on page 29g-13 provides the fiscal year 1989 allocations for the ACP program. One of the columns, referred to as "Naval Stores", is a $100,000 item in the State of Georgia. Please explain what this item is.

Mr. BJERKE. The Naval Stores Conservation Program—NSCP—is a program used exclusively in designated counties in Alabama, Florida, Georgia, and Mississippi, where suitable trees are being tapped to produce gum naval stores. The purpose of the NSCP is to restrict tapping of trees to the most productive timber to conserve the worked trees, to protect and permit undisturbed growth of untapped trees, and to conserve soil, water, and timber resources.

The NSCP is administered through the Georgia State ASCS Office, so all funds are allocated to the State of Georgia.

COUNTY OFFICE STRUCTURE

Mr. WHITTEN. Have there been any changes in the county office structure during fiscal year 1989? Are there any proposals that you know of for fiscal year 1990?

Mr. BJERKE. A yearly review of county office operations is conducted by ASCS State and county committees in an effort to most efficiently and economically service producers.

Such a review for fiscal year 1989 resulted in three county offices being combined into existing headquarter county offices, creating three new sub-offices. One part-time sub-office was changed to a full-time sub-office.

For fiscal year 1990 to date, three county offices have been combined into existing headquarter county offices, creating three new sub-offices. In addition, one county was changed from a closed sub-office to non-agricultural status. No other changes are anticipated for the fiscal year.

I will include for the record a list of the counties affected in fiscal years 1989 and 1990.

[The information follows:]

State	Headquarter office	Suboffice	Effective date
Fiscal year 1989:			
Suboffices created:			
Virginia	Albemarle	Greene	July 16, 1989.
Wisconsin	Burnett	Washburn	Aug. 13, 1989.
South Carolina	Greenville	Pickens	Sept. 28, 1989
Suboffices changed from part-time to full-time status:			
Georgia	Bartow	Cherokee	Sept. 24, 1989.
Fiscal year 1990:			
Suboffices created:			
Michigan	Manistee	Benzie	Oct. 8, 1989
Oklahoma	Pittsburg	Latimer	Dec. 17, 1989.
North Carolina	Cabarrus	Mecklenberg	Dec. 31, 1989.
Closed offices changed to nonagricultural status:			
Virginia	Loudoun	Fairfax	Dec. 14, 1989.

[1] Nonagricultural.

ADMINISTRATIVE COSTS OF CONSERVATION ACTIVITIES

Mr. Whitten. Your fiscal year 1991 budget proposes to both reduce the ACP program and to eliminate the Emergency Conservation Program. If Congress fully restores these programs, what would be the additional increase to ASCS for salaries and expenses to carry out the programs?

Mr. Bjerke. If Congress fully restores program funding to the fiscal year 1990 appropriation level of $184.9 million for ACP and $10 million for ECP, an increase of $1.566 million would be needed for salaries and expenses. This represents $788,000 for activities associated with ACP and $778,000 for administering ECP activities.

COUNTY OFFICE EMPLOYMENT

Mr. Whitten. For the record, please provide a table showing ASCS county employees by State and by year for the past five years.

[The information follows:]

14-Mar-90

NUMBER OF PERMANENT FULL-TIME ASCS COUNTY OFFICE EMPLOYEES AS OF SEPTEMBER 30 FOR FISCAL YEARS 1985-1989

STATE	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989
ILLINOIS	458	520	703	743	733
INDIANA	333	357	481	490	494
IOWA	436	471	843	872	873
MICHIGAN	234	251	274	278	273
MINNESOTA	415	452	538	596	592
MISSOURI	399	426	466	482	481
OHIO	311	316	409	403	414
WISCONSIN	251	299	366	363	366
MIDWEST AREA	2,837	3,092	4,080	4,227	4,226
CONNECTICUT	19	21	22	22	21
DELAWARE	14	14	14	15	15
MAINE	35	37	39	38	40
MARYLAND	47	53	57	65	64
MASSACHUSETTS	19	19	21	19	19
NEW HAMPSHIRE	14	15	19	18	18
NEW JERSEY	24	21	21	23	25
NEW YORK	142	147	157	156	161
PENNSYLVANIA	165	177	199	205	208
RHODE ISLAND	3	3	3	4	3
VERMONT	25	24	28	27	27
WEST VIRGINIA	104	103	107	109	111
NORTHEAST AREA	611	634	687	701	712
ALASKA	3	3	4	4	4
IDAHO	128	131	146	154	154
MONTANA	147	152	196	206	201
NEBRASKA	420	453	607	645	648
NORTH DAKOTA	268	344	411	451	460
OREGON	79	82	93	98	96
SOUTH DAKOTA	255	288	343	405	408
WASHINGTON	93	98	113	118	122
WYOMING	45	35	43	55	55
NORTHWEST AREA	1,438	1,586	1,956	2,136	2,148

14-Mar-90

NUMBER OF PERMANENT FULL-TIME ASCS COUNTY OFFICE EMPLOYEES AS OF SEPTEMBER 30 FOR FISCAL YEARS 1985-1989

STATE	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989
ALABAMA	285	286	306	305	309
ARKANSAS	242	255	284	289	296
FLORIDA	124	125	145	142	139
GEORGIA	440	449	502	492	502
KENTUCKY	340	342	373	371	368
LOUISIANA	169	168	184	185	188
MISSISSIPPI	263	278	301	304	313
NORTH CAROLINA	448	441	466	498	494
SOUTH CAROLINA	193	186	212	211	209
TENNESSEE	356	376	425	421	421
VIRGINIA	265	269	289	292	292
SOUTHEAST AREA	3,125	3,175	3,487	3,510	3,531
ARIZONA	32	35	39	37	40
CALIFORNIA	112	109	140	143	142
COLORADO	138	139	169	166	171
HAWAII	7	6	7	7	7
KANSAS	496	503	593	609	608
NEVADA	16	16	17	17	18
NEW MEXICO	70	68	76	83	79
OKLAHOMA	263	288	325	339	332
TEXAS	809	853	947	947	950
UTAH	50	51	59	59	55
SOUTHWEST AREA	1,993	2,068	2,372	2,407	2,402
TOTAL ALL AREAS	10,004	10,555	12,582	12,981	13,019

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

Mr. **Whitten**. One of the biggest percentage increases noted in the ASCS accounts is for the Colorado River Basin Salinity Control Program. For the record, please provide the salinity reduction practices for which cost sharing is authorized.

[The information follows:]

SRP 1—ONFARM SALT LOAD REDUCTION

Cost-sharing is authorized for practices that reduce salt loading as approved in the Project Implementation Plan (PIP). This practice applies to land currently under irrigation for which an adequate supply of suitable water is available, or which irrigation will be continued.

SRP 2—OFF-FARM SALT LOAD REDUCTION

Cost-sharing is authorized for practices that reduce salt loading as approved in the PIP. This practice is used to improve or replace off-farm irrigation canals and laterals.

SRP 3—PERMANENT WILDLIFE HABITAT

Cost-sharing is authorized for (1) establishing or improving a stand of trees, shrubs, grasses, legumes, or other vegetative cover that will provide permanent habitat, food, or cover for wildlife; (2) permanent fencing only to the extent needed to protect the area as a permanent wildlife habitat; and (3) low cost irrigation systems, including mainline and lateral pipelines, pressure gauge as part of the mainline, feeder lines, and associated emitters and filters when essential for establishment of a stand of trees, shrubs, grasses, legumes, or other vegetative cover.

SRP 4—SHALLOW WATER AREAS FOR WILDLIFE

Cost-sharing is authorized for (1) earthmoving to construct dams, levees, shallow dugouts, or dikes if needed to develop or restore the shallow water area; (2) eligible plantings for habitat cover or food; and (3) permanent fences needed to protect the shallow water area from grazing by domestic livestock.

Mr. **Whitten**. Please provide a table showing the percent of Colorado River Basin Salinity Control Program funds that were allocated to each of these practices.

Mr. **Bjerke**. CRSC funds are allocated from the national level to each of the participating States who in turn allocate to their respective project areas. Each county has the authority to determine which practices are approved and therefore a different mixture of practices is used in each county. However, I will submit a table showing the expenditures in fiscal year 1989 for each practice.

[The information follows:]

CRSC expenditures by practice

Practice number and name	*Cost-shares*
SRP1—Onfarm Salt Load Reduction	$1,678,050
SRP2—Off-Farm Salt Load Reduction	543,127
SRP3—Permanent Wildlife Habitat	398
SRP4—Shallow Water Areas for Wildlife	31,300

Mr. **Whitten**. What are the expenditures per acre of the Colorado River Basin Salinity Control Program?

Mr. **Bjerke**. The average cost for salt load reduction practices is $222 per acre. Insufficient data is available to determine a meaningful average cost per acre for wildlife practices.

Mr. **Whitten**. Please provide a long-term funding schedule proposed for the Colorado River Basin Salinity Control Program.

[The information follows:]

FUNDING SCHEDULE FOR COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

[Dollars in thousands]

Year	Scheduled [1]	Actual
1979–87	[2] 37,269	[2] 30,478
1988	8,218	4,904
1989	10,320	5,452
1990	15,388	10,341
1991	21,748	
1992	25,351	
1993	24,491	
1994	23,682	
1995	21,760	
1996	21,124	
1997	20,278	
1998	19,794	
1999	19,000	
2000	16,474	
2001	15,446	
2002	14,506	
2003	12,232	
2004	9,583	
2005	7,676	
2006	5,501	
2007	4,243	
2008	2,216	
2009	1,116	
2010	639	
Total	358,055	51,175

[1] Without inflation (as of April 1987).

[2] Funds for salinity control were provided under the Agricultural Conservation Program in 1979 through 1986.

Mr. WHITTEN. The original plan prepared by USDA and the Bureau of Reclamation indicates that $358 million would be required for the program through the year 2010. Have there been any updates of estimates for the program?

Mr. BJERKE. To date, there have been no updates of estimates for the cost of carrying out the CRSC through the year 2010. However, since the inception of the program, full funding as shown in the preliminary USDA schedule has not been requested. The current rate of funding therefore continues to place the program about a year behind the implementation schedule.

Mr. WHITTEN. Are there any estimates of the economic impact that high salinity content causes?

Mr. BJERKE. A water quality work group, made up of representatives from several government agencies and the private sector, is scheduled to issue a Water Quality 2000 report early this summer. According to this report, a conservative estimate of the annual economic impact of high Colorado River salinity on agricultural, industrial, and municipal entities is $311,000,000. The annual impact on agriculture is estimated at between $113,000,000 and $122,000,000.

Mr. WHITTEN. For the record, please provide the table located on page 29g–18 of your explanatory notes that shows the on-farm accomplishments of the Colorado River Basin Salinity Control Program.

[The information follows:]

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM ON-FARM ACCOMPLISHMENTS

	Grand Valley (1979-89)	Uinta (1980-89)	Big Sandy (1988-89)	Lower Gunnison No. 1, 2, and 3 (1988-89)
Implementation:				
Total area to be treated (acres)	53,000	128,100	15,700	169,000
Ditch linings/pipelines (miles)	274	403	2.2	3.7
Lateral lining/pipelines (miles)	61	46		1.5
Land leveling (acres)	3,820	1,773		
Wildlife habitat replacement (acres)	155			
Salt Load Reduction: Total (tons/year)	36,361	36,414	2,694	704

WATER BANK PROGRAM

Mr. WHITTEN. For the Water Bank Program, what is the average cost per agreement and cost per acre for the 1989 contracts?

Mr. BJERKE. For 1989 contracts, as of September 30, 1989, the average annual cost per agreement was $2,032 and the average cost per acre per year was $17.57.

Mr. WHITTEN. For the record, please provide a five-year table showing the number of acres signed under agreement each year and the number of agreements with landowners each year.

[The information follows:]

WATER BANK PROGRAM NUMBER OF ACRES AND AGREEMENTS—CALENDAR YEARS 1985 THROUGH SEPT. 30, 1989

Calendar year	Number of agreements	Designated wetland acres	Designated adjacent acres	Total designated acres
1985	577	22,691	38,619	61,310
1986	316	12,481	22,970	35,451
1987	475	18,749	34,359	53,108
1988	486	24,902	36,768	61,670
1989	456	24,241	28,508	52,749

Mr. WHITTEN. Last year ASCS proposed legislation to authorize eligible Water Bank Program participants to receive a one-time payment in exchange for a permanent easement on wetlands or adjacent lands. What is the status of that proposed legislation? Did any activity occur during fiscal year 1989 on that proposal?

Mr. BJERKE. Last year's proposed Water Bank legislation underwent a series of technical rewrites within USDA as well as the Department of the Interior and the Office of Management and Budget. Last year's legislation would have provided for an easement-only program, whereas the pending legislation proposal supporting the 1991 Budget provides producers with the option of 10-year agreements or a permanent easement contract. As of March 13, 1990, it is still in USDA.

EMERGENCY CONSERVATION PROGRAM

Mr. WHITTEN. Last year Hurricane Hugo came through the United States and caused massive damages. What role did the

ASCS Emergency Conservation Program have in assisting Hurricane Hugo damage?

Mr. **Bjerke**. The Emergency Conservation Program was implemented in North Carolina, Puerto Rico, South Carolina, and the Virgin Islands to help restore farmland damaged by Hurricane Hugo. I will provide a list of ECP practices performed and allocations issued by State within the limits of available ECP funding for fiscal year 1990.

[The information follows:]

Approved practices

EC1—Removing Debris from Farmland.
EC2—Grading, Shaping, Re-leveling, or Similar Measures.
EC3—Restoring Permanent Fences.
EC4—Restoring Structures and Other Installations.

Funds allocated

State:	*Amount*
North Carolina	$1,100,000
Puerto Rico	185,300
South Carolina	7,591,000
Virgin Islands	303,000
Total	9,179,300

Mr. **Whitten**. For the record, please provide a listing of pending requests for ECP funds.

[The information follows:]

UNFUNDED ECP NEEDS AS OF MARCH 13, 1990

State	Disaster	Amount needed [1]
Alabama	Flood	$1,463,000
	Tornado	20,000
Arizona	Brush Fire	7,000
California	Flood	140,000
	Earthquake	425,000
Connecticut	Flood	12,500
Georgia	Flood	295,000
	Tornado	29,500
Hawaii	Flood	19,396
Illinois	Drought	201,200
Iowa	Flood	22,500
	Drought	362,000
Kentucky	Flood	3,750
Mississippi	Flood	260,000
Missouri	Drought	42,500
Nebraska	Flood	25,000
New Mexico	Flood	14,060
North Carolina	Hurricane	1,000,000
North Dakota	Flood	1,195
Oregon	Flood	98,938
	Wildfire	15,340
Puerto Rico	Hurricane	135,310
South Carolina	Hurricane	1,487,525
Tennessee	Flood	80,000
Texas	Drought	68,250
	Tornado	28,285
Virgin Islands	Hurricane	252,203
Total		$6,509,452

[1] Does not include ECP needs for flooding in Alabama, Florida, and Georgia the week of Mar. 19.

Mr. WHITTEN. During fiscal year 1989, much of the country suffered a severe drought. What kind of activities did the ECP program participate in for drought assistance?

Mr. BJERKE. The majority of activity dealt with providing emergency livestock water. The program also made available emergency water for existing irrigation systems serving orchards and vineyards.

Specific measures authorized for emergency livestock water were divided between temporary and permanent practices. Temporary measures included laying temporary pipelines from existing water sources, spring developments, building earthen tanks and dugouts where water was available, and constructing watering troughs. Permanent practices included buried pipelines, drilling and deepening wells supplying livestock water, and construction of tailwater recovery systems for irrigation systems serving orchards and vineyards.

FORESTRY INCENTIVES PROGRAM

Mr. WHITTEN. For Forestry Incentives Program for fiscal year 1989, were there any waivers granted for the 1,000 acre limit?

Mr. BJERKE. ASCS granted 19 waivers of the 1,000-acre limitation during fiscal year 1989. Waivers were granted in Arkansas, Georgia, Idaho, Louisiana, Maryland, New Hampshire, North Carolina, South Carolina, Vermont, and Virginia.

Mr. WHITTEN. How many contracts were signed during fiscal year 1989 in the Forestry Incentives Program?

Mr. BJERKE. Annual agreements with farmers comprise the majority of program activity, but they are not considered contracts. Contracts for the Forestry Incentives Program are signed for long-term agreements of 3 to 10 years, only. In fiscal year 1989, 17 long-term agreements were approved. Program participants totaled 5,048 for the fiscal year.

Mr. WHITTEN. One of the Presidential initiatives is a major tree planting program to be conducted by the Forest Service. How is that going to be significantly different than the Forestry Incentives Program run by ASCS?

Mr. BJERKE. There are several differences between FIP and the President's tree initiative. The FIP will continue to emphasize reforestation and timberstand improvement to increase timber production, whereas the President's tree initiative will emphasize tree planting for conservation and a wide array of environmental benefits. FIP also requires a minimum of 10 acres for participation and land must be capable of producing 50 cubic feet of wood per year. In contrast, the President's tree initiative has no requirements for minimum acreage or for timber productivity.

Mr. WHITTEN. There is a cap on the payments and limitations for the Forestry Incentives Program of $10,000. How many individuals received the cap payment during fiscal year 1989?

Mr. BJERKE. Payment data are compiled on a calendar year basis. During calendar year 1989 there were 39 payments of $10,000 each.

Mr. WHITTEN. Since this program was started in fiscal year 1975, what have the total payments been and what would be the current estimated value of all trees planted under the program?

Mr. BJERKE. From fiscal year 1975 through fiscal year 1989 cost-shares of $159,832,354 have been paid. The current estimated value of all trees planted under FIP is $367 million. The current value is derived from the revenues expected from harvest. Rotations to economic maturity range from 40-50 years in the South to over 100 years in the West.

Mr. WHITTEN. For the record, please provide a listing of the practices allowed under the Forestry Incentives Program and a percentage of funds allocated to each practice during fiscal year 1988.

[The information follows:]

FISCAL YEAR 1988 AND FISCAL YEAR 1989 FORESTRY INCENTIVES PROGRAM

Practice number and name	1988 percent of total cost-shares	1989 percent of total cost-shares
FP1—Planting trees (includes site prep)	88.79	89.41
FP2—Improving a stand of forest trees	10.55	9.59
FP3—Site prep for natural regeneration	.66	1.00
Total	100.00	100.00

RURAL CLEAN WATER PROGRAM

Mr. WHITTEN. For the Rural Clean Water Program your explanatory notes indicate an increase in cost sharing and technical assistance to the farmer of $2,500,000. For fiscal year 1989, only $57,000 was provided. Please explain why there is such a large increase in work.

Mr. BJERKE. In fiscal year 1989, several States returned funds to the National level thereby reducing net obligations to $57,000. Available funds will be obligated in FY 1990 for cost-sharing and technical assistance activities in approved projects.

CONSERVATION RESERVE PROGRAM

Mr. WHITTEN. Please provide for the record a table indicating for the Conservation Reserve Program—CRP—the number of eligible acres by State, the total number of acres of cropland in each State and the number of acres signed into the program.

[The information follows:]

CRP ELIGIBLE ACRES, TOTAL CROPLAND, AND ACRES CONTRACTED
As of January 22, 1990

	ACRES ELIGIBLE FOR CRP 1/	TOTAL CROPLAND 2/	CRP ACRES CONTRACTED SIGNUPS 1-9
ALABAMA	1,286,100	4,407,000	519,529
ALASKA	N/A	125,000	25,375
ARIZONA	196,800	968,000	0
ARKANSAS	684,100	10,029,000	225,353
CALIFORNIA	767,500	10,918,000	183,054
COLORADO	5,469,400	11,129,000	1,953,042
CONNECTICUT	52,600	225,000	10
DELAWARE	25,200	522,000	985
FLORIDA	445,200	6,941,000	123,013
GEORGIA	998,300	8,221,000	663,156
HAWAII	114,800	347,000	85
IDAHO	2,330,400	6,553,000	791,061
ILLINOIS	4,017,500	28,711,000	633,580
INDIANA	2,133,600	13,330,000	364,729
IOWA	8,846,100	27,604,000	1,970,159
KANSAS	7,032,000	29,812,000	2,861,785
KENTUCKY	2,054,600	6,207,000	416,799
LOUISIANA	244,600	5,835,000	132,907
MAINE	132,000	309,000	37,222
MARYLAND	439,500	1,798,000	16,058
MASSACHUSETTS	48,000	265,000	32
MICHIGAN	828,800	7,265,000	196,304
MINNESOTA	2,327,000	21,756,000	1,830,672
MISSISSIPPI	1,575,300	7,799,000	726,897
MISSOURI	5,226,800	19,373,000	1,504,412
MONTANA	8,601,400	17,243,000	2,720,134
NEBRASKA	5,034,200	20,243,000	1,348,929
NEVADA	196,900	866,000	3,124
NEW HAMPSHIRE	23,800	155,000	0
NEW JERSEY	193,100	681,000	661
NEW MEXICO	871,600	2,501,000	480,765
NEW YORK	1,225,300	5,699,000	54,605
NORTH CAROLINA	1,527,800	5,928,000	137,040
NORTH DAKOTA	2,790,500	28,111,000	3,137,199
OHIO	1,529,800	12,393,000	254,129
OKLAHOMA	2,949,300	11,671,000	1,155,449
OREGON	1,212,500	5,237,000	517,150
PENNSYLVANIA	1,980,800	5,543,000	92,464
PUERTO RICO	N/A	407,000	440
RHODE ISLAND	3,300	28,000	0
SOUTH CAROLINA	364,600	3,462,000	265,514
SOUTH DAKOTA	2,038,300	18,967,000	2,084,557
TENNESSEE	2,023,800	9,128,000	429,352
TEXAS	13,932,400	39,984,000	3,921,377
UTAH	463,900	2,100,000	232,320
VERMONT	68,600	582,000	187
VIRGINIA	910,800	4,557,000	73,938
WASHINGTON	2,464,000	8,192,000	975,320
WEST VIRGINIA	232,400	1,320,000	610
WISCONSIN	2,994,500	12,323,000	604,060
WYOMING	383,500	2,668,000	257,022
TOTAL	101,293,300	450,438,000	33,922,565

1/ Recent changes in eligibility criteria are not quantifiable from available data and are thus not included in these estimates. Note also that the 25 percent rule reduces the National total by roughly 30 percent.

2/ As defined by ASCS.

Mr. WHITTEN. Last year Mr. Hertz provided information that the estimate for taking 40 million acres out of production under the Conservation Reserve Program would cost $24,073,000,000. Do you have an update of the potential cost for this program?

Mr. BJERKE. The total cost of the CRP for 40 million acres is now estimated at approximately $22.4 billion instead of $24.1 billion. This revised estimate, based on the President's 1991 budget, primarily reflects lower 1989 and 1990 crop rental costs than previously projected and is based on actual contract costs experienced in enrolling approximately 33.9 million acres through the ninth signup. Costs for 40 million acres based on the Administration's Farm Bill proposals in February could vary somewhat from the January budget estimate.

Mr. WHITTEN. You have stated that due to legislative proposals, the tenth signup for CRP is on hold. How long will you keep the 1990 signup on hold?

Mr. BJERKE. The Administration is awaiting completion of the 1990 Farm Bill before announcing the next CRP signup period so that any changes made by the Congress can be incorporated in the program. One of our legislative proposals is to extend the enrollment period to accept CRP contracts beyond 1990. After enactment of the 1990 Farm Bill, the USDA plans to conduct a tenth signup.

Mr. WHITTEN. If there is no additional signup in 1990, what impact will that have to your 1991 request?

Mr. BJERKE. Given the assumption of no additional signup in 1990, the 1991 program level would be reduced by approximately $470 million, from $2.254 billion to $1.784 billion, based on the President's budget. The appropriation needed would decrease to $1.408 billion. Payments would be required only on the 33.9 million acres enrolled through 1989, instead of the 40 million acres assumed in the budget. However, as a practical matter, the new Farm Bill provisions on CRP will likely result in some signup and related 1991 CRP outlays.

Mr. WHITTEN. For the record, please provide the table that appears on page 29-67 showing the actual CRP enrollment through fiscal year 1989.

[The information follows:]

CRP ACREAGE ENROLLMENT BY CROP AND FISCAL YEAR

[Acres in millions]

Crop year	Actual, fiscal year—				Estimated, fiscal year 1990	Crop year total
	1986	1987	1988	1989		
1986	2.04					2.04
1987	6.19	7.48				13.67
1988		6.44	2.32			8.76
1989			3.66	1.69		5.35
1990				4.10	6.08	10.18
Total	8.23	13.92	5.98	5.79	6.08	40.00

Mr. Whitten. For the record, please provide an update of the table that appears on page 721 of last year's hearing record that shows the actual and estimated funding for the Conservation Reserve Program.

[The information follows:]

CONSERVATION RESERVE PROGRAM ACTUAL AND ESTIMATED FUNDING, FISCAL YEAR 1986 THROUGH 1991

[Dollar amounts in thousands]

Item	Actual				Estimated	
	1986	1987	1988	1989	1990	1991
Direct appropriation (adjusted) [1]			$1,085,760	$1,727,539	$1,010,978	$1,878,000
Commodity Credit Corporation funds	$23,145	$267,024				
Commodity Credit Corporation commodity certificates		409,969	759,067			
Total funding	$23,145	$676,993	$1,844,827	$1,727,539	$1,010,978	$1,878,000
Unobligated balance, direct appropriation			(794,283)	(1,149,617)	(395,273)	(19,705)

[1] Net of transfers to Soil Conservation Service in some years, and a rescission (in 1989).

Mr. Whitten. Have there been any eligibility requirement changes for entering land into the CRP in the past year?

Mr. Bjerke. In January 1989, the CRP rules were changed to make cropped wetlands and scour erosion areas eligible for the program, mainly to obtain additional water quality benefits under the program. This change was effective beginning with offers accepted during the eighth CRP enrollment period in February 1989. To date, 410,068 acres of eligible cropped wetlands and 143,186 acres of land subject to scour erosion have been enrolled in the CRP.

Mr. Whitten. Earlier there was considerable discussion concerning the CRP maximum acceptable rental rates and the fact that, in many instances, information available to the Committee showed that the local rental rates were being exceeded under the CRP by well over 100 percent. Please expand on your earlier statements on what ASCS has done to correct this situation. Please provide copies of any directives that were sent to State or county ASCS offices as further guidance to determine the maximum rental rates.

Mr. Bjerke. OIG and others have correctly reported that the CRP maximum acceptable rental rates—MARR's—exceed average annual cash rental rates in many areas. MARR's exceed cash rents by an average of $17 per acre in 2,409 counties, about 79 percent of all counties. However, such comparison does not necessarily indicate a problem with the current MARR's. Rather, the current MARR's must be compared with adjusted rental rates that are based on current cash rental rates, adjusted to reflect the forgone expected annual return to land and other production resources over the 10-year contract period to owner-operators, and the expense of establishing and maintaining the CRP land cover. The OIG report indicates that we should compare a 10-year contract with a one-year contract and we do not believe that is a valid assumption in that the time value of money is obviously different over a 10-year period than it is over a one-year period.

Guidelines issued by ASCS to the State and county committees in early 1988 in response to the legislative provision on MARR's list the factors to be considered in addition to current cash rents in determining MARR's for CRP acreage. The factors include the expected trends in cash rents, land values, and economic conditions on average quality land over the 10-year CRP contract period; the normal up-front expense to the participant to establish the required cover, plus potential forgone interest on that expense; and the normal expense for maintaining the cover for 10 years.

Although the quality of much of the highly erodible land eligible for CRP enrollment may be below average, rents associated with average quality land are used to establish the MARR's because the MARR's represent the upper limits for acceptable bids. Also, not all bids submitted at or below the MARR have been accepted by county committees. There has been no additional guidance sent to ASCS offices regarding MARR's since the early 1988 guidelines.

Mr. WHITTEN. Under the Disaster Assistance Act of 1989, owners or operators were authorized to hay or graze during the 1989 crop year on designated CRP acreage. Do you have any information detailing how many participants availed themselves of this new provision?

Mr. BJERKE. Data on the number of participants who hayed or grazed designated CRP land during 1989 as authorized by the Secretary will be available after May 1, 1990. Producers who had their CRP payments reduced for haying or grazing their CRP land because of the 1989 drought have until September 30, 1990, to establish new conservation measures on or in the vicinity of their CRP land.

Mr. WHITTEN. What was the additional cost to the CRP cost-share assistance portion of the program from this new provision?

Mr. BJERKE. Preliminary cost estimates of the new conservation measures for CRP authorized under the Disaster Assistance Acts of 1988 and 1989, will be available after May 1, 1990. We will furnish both the participation level and additional cost information to the Committee when it is available.

Mr. WHITTEN. Please provide a table that shows the tree cover enrollment percent of each CRP signup.

[The information follows:]

Conservation Reserve Program tree cover as a percent of total acreage by signup

Signup:	Percent
1	14.2
2	6.3
3	4.9
4	5.0
5	4.5
6	11.7
7	6.7
8	8.3
9	6.6

CCC INVENTORY

Mr. WHITTEN. Please provide for the record the latest figures on CCC's inventory giving both quantity and dollar values by commodity.

[The information follows:]

COMMODITY CREDIT CORPORATION STATUS OF CCC INVENTORY AS OF JAN. 31, 1990

[In millions]

Item	Quantity	Dollars
Corn (bushel)	669.6	$1,691.4
Grain sorghum (bushel)	287.1	748.0
Barley (bushel)	37.3	77.8
Oats (bushel)	1.2	1.3
Total feed grains	995.2	2,519.0
Wheat (bushel)	152.7	587.6
Rice, rough (hundredweight)	1.8	13.5
Soybeans (bushel)	1.2	6.3
Honey (pound)	64.8	48.6
Rye (bushel)	4.6	10.1
Upland cotton (bales)	.1	20.6
Dairy products:		
Butter (pound)	374.6	517.7
Butter oil (pound)	15.5	25.0
Cheese (pound)	45.9	61.6
Milk, dried (pound)	32.0	28.0
Milk, ultra high temp (pound)	0	0
Mozzarella (pound)	0	0
Total dairy	468.0	632.3
All other commodities		.1
Total inventory		3,838.1

Note: Amounts reflect CCC Financial Management System records and include commodities committed to sale or obligated for other uses.

CCC DISPOSITIONS

Mr. WHITTEN. Please provide for the record a detailed description of commodities provided out of CCC inventory for other government programs for fiscal year 1989 and your proposals for fiscal year 1990.

Mr. BJERKE. There are a number of programs through which CCC inventories are used for domestic and foreign purposes. We will provide tables for the 2 years requested. The entire value of CCC domestic and export donations is charged off as a loss.

The value of export sales to the Department of Defense is partially offset by limited recoveries. The donation of surplus dairy products to the Veteran's Administration and the Department of Defense is authorized by section 202 of the Agricultural Act of 1949, as amended. Section 210 of the Agricultural Act of 1956 authorizes the donation of surplus commodities in CCC inventory to Federal penal and correctional institutions.

Institutional donations to "Research and Other" include the donation of cotton to textile schools for training students in the processing and manufacturing of cotton textiles, as well as other miscellaneous donations, as authorized in Section 505 of the Agricultural Act of 1958, as amended.

Surplus commodities are also distributed to charitable institutions, nonprofit school lunch programs, food banks, hunger centers, soup kitchens and similar nonprofit agencies. Section 416 of the Agricultural Act of 1949, as amended, is the statutory authority for making donations to State, Federal, or private agencies in the

United States, including areas under the jurisdiction or administration of the United States. The Temporary Emergency Food Assistance Act of 1983 authorizes the release of commodities to relieve situations of emergency and distress to needy persons, including low-income and unemployed persons.

The export donation of surplus commodities is accomplished through foreign governments and public and nonprofit private humanitarian organizations for the assistance of needy persons outside the U.S. These donations are authorized by Section 416 of the Agricultural Act of 1949, as amended.

[Additional information follows:]

COMMODITY CREDIT CORPORATION
DONATIONS AND SALES TO OTHER GOVERNMENT AGENCIES FROM INVENTORY
FISCAL YEAR 1989 ACTUAL
(Quantity and Value in Thousands)

		DONATIONS																							SALES		
		INSTITUTIONS																								
COMMODITY	UNIT	RESEARCH AND OTHER		SEC. 202 MILITARY & VET		SEC. 210 PRISONS		SEC. 407 INDIAN AFF		SEC. 416 INSTITUTIONS		TOTAL INSTITUTIONS		SEC. 416 SCHOOL LUNCH		T.E.F.A.P. SEC. 416 NEEDY FAMILIES		TOTAL DOMESTIC DONATIONS		TOTAL SEC. 416 DOMESTIC DONATIONS		SEC. 416 EXPORT DONATIONS		EXPORT SALES DEPT OF DEFENSE		
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	PROC.
G. SORGHUM	BU											0	0					0	0	0	0	8,232	22,124			
BARLEY	BU	68	140					(118)	(233)			(50)	(93)					(50)	(93)	0	0					
SOYBEANS	BU											0	0					0	0	0	0	1,151	5,052			
CORN	BU	(9)	(25)					(33)	(75)			(42)	(100)	0	0			(42)	(100)	0	0	38,238	103,530			
CORN GRITS										1,763	189	1,763	189	0	0			1,763	189	1,763	189					
CORN MEAL										21,465	2,463	21,465	2,463	0	0	48,209	5,766	69,674	8,229	69,674	8,229					
T. CORN PROD	LB									23,228	2,652	23,228	2,652	0	0	48,209	5,766	71,437	8,418	71,437	8,418	0	0			
WHEAT	BU	2	9									2	9					2	9	0	0	38,975	152,146			
WHEAT FLOUR	LB									27,365	3,372	27,365	3,372	67,260	8,855	134,821	18,569	229,446	30,796	229,446	30,796	15,898	1,361			
ROLLED WHEAT	LB									2,149	357	2,149	357					2,149	357	2,149	357					
BULGUR	LB									81	11	81	11	192	26			273	37	273	37	499	44			
MACARONI	LB									15,770	4,100	15,770	4,100					15,770	4,100	15,770	4,100					
MILLED RICE	Cwt.									34	318	34	318	45	436			79	754	79	754	489	4,655			
BROWN RICE	Cwt.									1	23	1	23	2	24			3	47	3	47					
ROUGH RICE	Cwt.	4	26									4	26					4	26	0	0	0				
TOTAL RICE	Cwt.	4	26	0	0	0	0	0	0	35	341	39	367	47	460	0	0	86	827	82	801	489	4,655			
HONEY	LB					318	227			4,811	3,548	5,129	3,775	6,479	4,698	24,946	18,270	36,554	26,743	36,236	26,516					
PEAN. BUTTER	LB									11,927	9,283	11,927	9,283	0	0			11,927	9,283	11,927	9,283					
PEANUT GRAN	LB									1,046	948	1,046	948	0	0			1,046	948	1,046	948					
PEANUTS, R.	LB									4,511	3,802	4,511	3,802	0	0			4,511	3,802	4,511	3,802					
T. NUT PROD										17,484	14,033	17,484	14,033	0	0	0	0	17,484	14,033	17,484	14,033	0	0			
SALAD OIL	LB									27,188	9,694	27,188	9,694	0	0			27,188	9,694	27,188	9,694					
VEG OIL PROD	LB									19,639	8,200	19,639	8,200	0	0			19,639	8,200	19,639	8,200					
TOT VEG OIL										46,827	17,894	46,827	17,894	0	0	0	0	46,827	17,894	46,827	17,894	0	0			
RED MEAT	LB									1,142	1,051	1,142	1,051	170	156			1,312	1,207	1,312	1,207					
BUTTER	LB	2	2	8,587	12,495	2,190	3,153			33,823	46,291	44,602	61,941	65,547	91,807	63,966	88,894	174,115	242,642	163,336	226,992			1,026	2,951	400
BUTTER OIL	LB	0										0	0	556	916			556	916	556	916			0	0	0
CHEESE	LB			6,086	8,216	1,735	2,350			18,494	25,083	26,315	35,649	82,918	111,342	2,495	3,351	111,728	150,342	103,907	139,776			3,194	4,462	1,613
MOZZ. CHEESE	LB									1	1	1	1	191	315			192	316	192	316			0	0	0
N. DRY MILK	LB					211	182			7,009	6,871	7,220	7,053	8,161	7,035	7,411	6,794	22,792	20,882	22,581	20,700	33	30	2,570	2,129	873
TOTAL DAIRY	LB	2	2	14,673	20,711	4,136	5,685	0	0	59,327	78,246	78,138	104,644	157,373	211,415	73,872	99,039	309,383	415,098	290,572	388,700	33	30	6,790	9,542	2,886
GRAND TOTAL			152		20,711		5,912		(308)		125,605		152,072		225,610		141,644		519,326		492,859		208,942	6,790	9,542	2,886

COMMODITY CREDIT CORPORATION
DONATIONS AND SALES TO OTHER GOVERNMENT AGENCIES FROM INVENTORY
FISCAL YEAR 1990 ESTIMATES
(Quantity and Value in Thousands)

		DONATIONS																						SALES		
		INSTITUTIONS																								
COMMODITY	UNIT	RESEARCH AND OTHER		SEC. 202 MILITARY & VET		SEC. 210 PRISONS		SEC. 407 INDIAN AFF		SEC. 416 INSTITUTIONS		TOTAL INSTITUTIONS		SEC. 416 SCHOOL LUNCH		T.E.F.A.P. SEC. 416 NEEDY FAMILIES		TOTAL DOMESTIC DONATIONS		TOTAL SEC. 416 DOMESTIC DONATIONS		SEC. 416 EXPORT DONATIONS		EXPORT SALES DEPT OF DEFENSE		
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	PROC.
G. SORGUM	BU										0	0	0		0		0	0	0	0	0	25,000	65,212			
SOYBEAN PROD																						165,345	20,000			
ROLLED OATS	LB									530	60	530	60	0	0		0	530	60	530	60					
CORN	BU								0		0	0	0		0		0	0	0	0	0	25,000	63,704			
CORN GRITS										1,560	145	1,560	145		0		0	1,560	145	1,560	145					
CORN MEAL										15,340	1,369	15,340	1,369	8,010	819	49,000	5,013	72,350	7,401	72,350	7,401					
T.CORN PROD	LB	0	0	0	0	0	0	0	0	16,900	1,714	16,900	1,714	8,010	819	49,000	5,013	73,910	7,546	73,910	7,546	0	0	0	0	0
WHEAT FLOUR	LB									99,760	13,708	99,760	13,708	72,670	9,986	134,000	18,413	306,430	42,107	306,430	42,107					
ROLLED WHEAT	LB									2,260	394	2,260	394		0		0	2,260	394	2,260	394					
BULGUR	LB									170	19	170	19		0		0	170	19	170	19					
MACARONI	LB									16,400	4,492	16,400	4,492		0		0	16,400	4,492	16,400	4,492					
HONEY	LB					640	461			4,990	3,597	5,630	4,058	7,170	5,167	28,550	20,576	41,350	29,801	40,710	29,340					
PORK BELLIES	LB										0				0		0					11,023	10,000			
PEAN. BUTTER	LB									11,250	9,117	11,250	9,117	0	0		0	11,250	9,117	11,250	9,117					
PEANUT GRAN	LB									880	830	880	830	0	0		0	880	830	880	830					
PEANUTS, R.	LB									4,280	3,756	4,280	3,756	0	0		0	4,280	3,756	4,280	3,756					
T.NUT PROD		0	0	0	0	0	0	0	0	16,410	13,703	16,410	13,703	0	0	0	0	16,410	13,703	16,410	13,703	0	0	0	0	0
SALAD OIL	LB									26,430	9,659	26,430	9,659	0	0		0	26,430	9,659	26,430	9,659					
VEG OIL PROD	LB									19,050	8,153	19,050	8,153	0	0		0	19,050	8,153	19,050	8,153					
TOT VEG OIL		0	0	0	0	0	0	0	0	45,480	17,812	45,480	17,812	0	0	0	0	45,480	17,812	45,480	17,812	0	0	0	0	0
RED MEAT	LB				0		0			1,534	1,412	1,534	1,412		0		0	1,534	1,412	1,534	1,412					
BUTTER	LB			9,000	12,204	2,000	3,797			37,430	50,754	49,230	66,755	72,390	98,159	63,550	86,172	185,170	251,086	173,370	235,085	37,500	49,496	2,000	2,712	778
BUTTER OIL	LB				0		0				0	0	0		0		0	0	0	0	0		0			
CHEESE	LB			6,000	7,588	0	0			12,000	15,176	18,000	22,764	60,000	75,880		0	78,000	98,644	72,000	91,056		0			
MOZZ CHEESE	LB				0		0				0	0	0		0	0	0	0	0	0	0		0			
N. DRY MILK	LB				0	0	0			3,000	2,625	3,000	2,625	3,000	2,625	0	0	6,000	5,250	6,000	5,250		0			
TOTAL DAIRY	LB	0	0	15,000	19,792	2,000	3,797	0	0	52,430	68,555	70,230	92,144	135,390	176,664	63,550	86,172	269,170	354,980	251,370	331,391	37,500	49,496	2,000	2,712	778
GRAND TOTAL			0		19,792		4,258		0		125,466		149,516		192,636		130,174		472,326		448,276		208,412	2,000	2,712	778

AGCS/BUD/CPB/CEX:BYDONSLS:PAGE2

SECTION 416

Mr. Whitten. Please provide for the record the commodities provided for export donations under section 416, showing the commodity and the country.

[The information follows:]

COMMODITY CREDIT CORPORATION

SECTION 416 EXPORT DONATIONS BY COUNTRY AND COMMODITY
FISCAL YEAR 1989

(Quantity and Value in Thousands)

Country and Commodity	Quantity	Value
Bangladesh		
Wheat (bu.)	6,568	$25,444
Bolivia		
Wheat (bu.)	42	155
Botswana		
Sorghum (bu.)	277	856
British Honduras		
Wheat (bu.)	210	755
Ceylon/Sri Lanka		
Wheat (bu.)	628	2,166
Chile		
Corn (bu.)	214	733
Sorghum (bu.)	39	122
Rice, Milled (cwt.)	110	1,370
Wheat (bu.)	162	728
Clusa-India		
Corn (bu.)	7,871	22,365
Congo/Brazzaville		
Wheat (bu.)	575	2,488
Costa Rica		
Corn (bu.)	512	1,018
Wheat (bu.)	597	2,279
Benin		
Corn (bu.)	118	269
Sorghum (bu.)	24	70
Dominican Republic		
Corn (bu.)	4,638	13,342
Wheat (bu.)	5,878	19,861
Ecuador		
Sorghum (bu.)	2,362	5,511
Wheat (bu.)	852	2,996
El Salvador		
Corn (bu.)	138	381
Wheat (bu.)	1,394	5,406
Ethiopia		
Wheat (bu.)	1,375	5,177
Fiji		
Wheat (bu.)	496	2,064
Guatemala		
Butter Oil (lb.)	0	152
Rice, Milled (cwt.)	3	25
Wheat (bu.)	347	1,191
Guinea		
Rice, Milled (cwt.)	22	$180
Honduras		
Corn (bu.)	382	978
Wheat (bu.)	1,227	3,921
Soybeans - yellow (bu.)	233	1,299
India		
Wheat (bu.)	2,709	11,742
Indonesia		
Corn (bu.)	57	151
Ivory Coast		
Corn (bu.)	742	1,706
Jamaica		
Wheat (bu.)	268	831
Kenya		
Wheat (bu.)	437	1,771
Malagasay Republic		
Wheat (bu.)	296	947
Malawi		
Corn (bu.)	1,815	4,807
Wheat (bu.)	438	1,292
Mali		
Corn (bu.)	197	629
Mauritius		
Wheat Flour (lb.)	15,898	1,361
Mexico		
Corn (bu.)	7,623	25,464
Sorghum (bu.)	3,108	9,868
Milk, NFD (lb.)	689	582
Rice, Milled (cwt.)	354	3,056
Wheat (bu.)	2,470	10,059
Morocco		
Wheat (bu.)	438	1,496
Mozambique		
Corn (bu.)	4,111	13,068
Niger		
Sorghum (bu.)	873	1,993
Milk, NFD (lb.)	496	432
Pakistan		
Wheat (bu.)	916	3,970
Peru		
Wheat (bu.)	1,781	$6,158
Phillippines		
Wheat (bu.)	6,139	20,554
Senegal		
Sorghum (bu.)	7	27
Somalia Republic		
Corn (bu.)	78	206
St. Kitts		
Wheat (bu.)	219	906
Swaziland		
Wheat (bu.)	368	1,172
Tanzania		
Bulgur (lb.)	499	45
Trinidad & Tobago		
Corn (bu.)	467	1,414
Wheat (bu.)	237	782
Uganda		
Wheat (bu.)	273	1,110
Burkina Faso		
Sorghum (bu.)	349	1,090
Grand Total (metric tons).	1,967	251,991
Totals by Commodity:		
Corn (bu.)	28,496	$85,117
Sorghum (bu.)	7,499	20,924
Wheat (bu.)	37,340	137,421
Wheat Flour (lb.)	15,898	1,361
Bulgur (lb.)	499	45
Rice, Milled (cwt.)	489	4,631
Soybeans (bu.)	240	1,326
Butter Oil (lb.)	0	152
Milk, NFD (lb.)	1,185	1,014
Grand Total (metric tons).	1,967	251,991

NOTE: Data reflects a timing difference between the CCC Financial Management System and Section 416 Reporting System as of September 30, 1989.

Mr. **Whitten**. What is the total amount of ocean transportation under the section 416 program for fiscal years 1988 and 1989 and estimates for fiscal years 1990 and 1991?

Mr. **Bjerke**. Ocean transportation under the section 416 program was $82.8 million in fiscal year 1988 and $44.8 million in fiscal year 1989. We estimate that $50.0 million will be spent for section 416 ocean transportation in fiscal year 1990 and $44.0 million in fiscal year 1991.

CCC EXPORT CREDIT GUARANTEES

Mr. **Whitten**. Please provide for the record the amount of loan guarantees currently outstanding by country and indicate the current status of each of these loans.

[The information follows:]

CCC export credit guarantees as of Dec. 31, 1989 [1]

[In millions of dollars]

Country:	*Balance*
Algeria	$937.9
Argentina	1.3
Bangladesh	58.7
Brazil	32.2
Chile	27.8
Colombia	26.5
Ecuador	169.0
Egypt	568.5
El Salvador	36.0
Guatemala	13.1
Haiti	7.9
Honduras	24.9
Hungary	7.0
Iraq	1,739.9
Jamaica	64.6
Jordan	92.7
Korea	498.9
Mexico	2,021.0
Morocco	236.4
Pakistan	256.1
Senegal	6.5
Sri Lanka	24.2
Surinam	3.5
Trinidad and Tobago	51.4
Tunisia	75.4
Turkey	113.8
Venezuela	142.9
Yemen	53.4
Yugoslavia	7.0
Total	7,298.5

[1] Reflects contingent liability under CCC Export Guarantee and Intermediate Guarantee Programs.

Payments to U.S. banks from the foreign countries listed above are being received as scheduled under the GSM 102 and 103 programs with the exception of the following countries which are currently behind in their payments to their respective banks.

Dominican Republic: Claims in the amount of $32,117,944 have been paid by CCC in prior years and are still outstanding. No rescheduling of this amount is anticipated in the near future.

Peru: Claims in the amount of $96,469,181 have been paid by CCC in prior years and are still outstanding. No rescheduling of this amount is anticipated in the near future.

Zanzibar: Claims in the amount of $4,021,509 were paid by CCC in fiscal year 1989 and are still outstanding. No rescheduling of this amount is anticipated in the near future.

Honduras: Claims in the amount of $4,679,117 have been paid by CCC in fiscal years 1989 and 1990 and are still outstanding, and the amount is excluded from the table. No rescheduling of this amount is anticipated in the near future.

Mr. WHITTEN. What is the current status of loans that CCC has acquired that has been guaranteed to the Government of Poland?

Mr. BJERKE. CCC has assumed approximately $2.0 billion in Polish debt under the export guarantee programs. To date, Poland has made payments totaling $88.5 million on the debt. On February 16, 1990, Poland and its creditor countries, including the United States, signed an Agreed Minute rescheduling all of Poland's arrears as of December 31, 1989, and all installments coming due from January 1, 1990 through March 1, 1991. The CCC rescheduling amount totaled approximately $945 million and leaves Poland current in its debt with CCC.

Mr. WHITTEN. Please provide the status for all other East European countries.

Mr. BJERKE. As of December 31, 1989, CCC had guarantees outstanding with only two other East European countries—Hungary and Yugoslavia. Each country had $7 million in CCC guarantees outstanding on that date. Both are current in their payments.

ANALYSIS OF CCC BORROWING AUTHORITY

Mr. WHITTEN. Please provide for the record an analysis of CCC borrowings in use as of September 30, 1989 versus January 31, 1990.

[The information follows:]

COMMODITY CREDIT CORPORATION

Analysis of Borrowing Authority in Use as of Sept. 30, 1989 (Actual) versus Jan. 31, 1990 (Actual)

[In millions]

Item	Sept. 30, 1989 (actual)	Jan. 31, 1990 (actual)
Investment in:		
Commodity loans outstanding	$4,908.1	$7,114.9
(Regular)	(2,530.3)	(5,445.2)
(Reserve)	(2,377.8)	(1,669.7)
Commodity inventories	3,771.3	3,838.1
Storage facility loans outstanding	13.5	11.3
Export credit sales loans outstanding	580.9	580.9
Export guarantee claims outstanding	2,635.2	2,635.7
Funds owed CCC for wool act program	93.5	2.5
Advances to producers	164.7	179.9
All other (interest due CCC, cash, and other assets and receivables)	3,184.2	3,026.6
Subtotal	15,351.4	17,389.9
Unreimbursed realized losses:		
1988 losses	1,566.8	0
1989 losses	6,901.7	4,235.5
1990 losses	0	933.0
Subtotal	8,468.5	5,168.5
Total above items	23,819.9	22,558.4

COMMODITY CREDIT CORPORATION—Continued

[In millions]

Item	Sept. 30, 1989 (actual)	Jan. 31, 1990 (actual)
Less: Financing other than by use of borrowing authority (–):		
Capital stock	–100.0	–100.0
Appropriated Capital	–427.8	–415.7
Unexpended balance of Public Law 480 funds	–1,005.8	–856.6
Accrued interest on Treasury borrowings	–802.5	–97.8
Accrued producer payments	–4,365.4	–3,198.2
Trust and deposit liabilities, and all other liabilities	–3,412.4	–3,435.4
Total above items	–10,113.9	–8,103.7
Total borrowing authority in use	13,706.0	14,454.7
Total borrowing authority available	16,294.0	15,545.3

CROP DISASTER PAYMENTS

Mr. WHITTEN. Please provide for the record a list of the total crop disaster payments made by State during fiscal year 1989.

[The information follows:]

Commodity Credit Corporation fiscal year 1989 cash crop loss disaster payments by States for 1988 crops [1]

State	*Amount*
Alabama	$34,107,861.12
Alaska	35,973.00
Arizona	163,170.00
Arkansas	25,074,303.21
California	13,726,678.02
Colorado	8,320,096.92
Connecticut	704,587.00
Delaware	2,094,025.87
Florida	14,960,785.75
Georgia	62,329,597.78
Idaho	31,421,364.97
Illinois	372,983,509.86
Indiana	127,370,339.00
Iowa	312,200,208.51
Kansas	59,057,846.20
Kentucky	38,648,010.45
Louisiana	34,279,035.29
Maine	576,363.00
Maryland	10,083,821.61
Massachusetts	1,900,035.00
Michigan	131,505,077.67
Minnesota	295,725,419.96
Mississippi	40,037,855.41
Missouri	79,820,339.82
Montana	181,236,684.12
Nebraska	32,593,432.43
Nevada	2,428,651.81
New Hampshire	59,185.00
New Jersey	18,174,621.50
New Mexico	5,658,840.94
New York	24,320,208.91
North Carolina	14,578,690.85
North Dakota	396,859,884.94
Ohio	112,787,290.92
Oklahoma	39,116,097.70
Oregon	4,477,568.47

State	Amount
Pennsylvania	28,719,888.07
Rhode Island	2,521.00
South Carolina	16,365,590.81
South Dakota	195,010,275.75
Tennessee	29,421,959.12
Texas	172,030,725.54
Utah	9,318,464.89
Vermont	810,042.22
Virginia	9,638,282.00
Washington	16,985,499.56
West Virginia	4,706,680.95
Wisconsin	364,168,537.44
Wyoming	9,079,267.93
Total United States	3,385,675,198.29

[1] 1988 crop disaster payments were made in cash only.

SOURCE: FM-541R direct payments report as of Sept. 30, 1989.

NOTE: Data reflects a timing difference between the CCC Financial Management System and the KCMO FM-541R Direct Payments Reporting System as of Sept. 30, 1989.

COMMODITY CREDIT CORPORATION FISCAL YEAR 1989 CERTIFICATE AND CASH CROP LOSS DISASTER PAYMENTS BY STATES FOR 1989 CROPS [1]

State	Amount	
	Cash	Certificates
Alabama	$319.00	$75,012.00
Alaska		361,192.71
Arizona		
Arkansas	2,511.00	
California		56,287.00
Colorado	457.00	20,760.00
Connecticut		
Delaware		43,038.00
Florida		
Georgia	1,014.00	63,146.00
Idaho	117.00	16,099.00
Illinois		
Indiana	−264.00	9,707.00
Iowa	402.00	8,451.00
Kansas	99,007.40	4,441,328.41
Kentucky		
Louisiana	1,415.00	496,511.00
Maine		761.00
Maryland	199.00	
Massachusetts		
Michigan	1,367.00	1,821.00
Minnesota	2,363.00	110,690.00
Mississippi	769.00	306,233.00
Missouri		16,358.00
Montana	373.00	423,372.00
Nebraska	4,632.00	187,433.00
Nevada		
New Hampshire		
New Jersey		
New Mexico	438.00	1,436,473.00
New York	28.00	868.00
North Carolina	830.00	3,469.00
North Dakota	10,621.69	2,802,514.31
Ohio	4,852.00	2,972.00
Oklahoma	12,912.00	1,431,386.16
Oregon		12,901.00
Pennsylvania		
Rhode Island		

COMMODITY CREDIT CORPORATION FISCAL YEAR 1989 CERTIFICATE AND CASH CROP LOSS DISASTER PAYMENTS BY STATES FOR 1989 CROPS [1]—Continued

State	Amount	
	Cash	Certificates
South Carolina		
South Dakota	782.00	229,723.00
Tennessee	6,006.00	10,622.00
Texas	25,476.00	5,294,263.00
Utah		30,615.00
Vermont		
Virginia		
Washington	117,979.00	79,958.00
West Virginia		
Wisconsin		
Wyoming		
Total United States	294,606.09	17,973,964.59

[1] 1988 crop disaster payments were made in cash only.

Source: FM-541R direct payments report as of Sept. 30, 1989.

Note: Data reflects a timing difference between the CCC Financial Management System and the KCMO FM-541R Direct Payments Reporting System as of Sept. 30, 1989.

CCC APPROPRIATION REQUEST

Mr. WHITTEN. The budget includes an estimate of $6.1 billion for restoration of CCC losses. What is the amount required to fully restore all losses through the end of fiscal year 1990? What is the amount required to fully restore all losses through fiscal year 1991?

Mr. BJERKE. The amount required to fully restore all CCC losses through fiscal year 1990 is $14,192.3 million. This represents $4,235.5 million in unreimbursed actual 1989 losses and $9,956.8 million for estimated fiscal year 1990 CCC losses. The budget estimate for losses to be incurred in fiscal year 1991 is $13,823.9 million and therefore the amount required to fully restore all CCC losses through fiscal year 1991 is $28,016.2 million. The fiscal year 1991 budget requests reimbursement through current indefinite appropriation authority of $6.1 billion, which would meet the cash flow needs of CCC while maintaining a sufficient borrowing authority operating margin. I will provide a table of the estimated unreimbursed losses by fiscal year.

[The information follows:]

Commodity Credit Corporation—Appropriation needed to restore CCC losses, fiscal years 1990 and 1991

[In millions]

Unreimbursed 1989 and estimated 1990 and 1991 losses:	
Fiscal year:	
1989	$4,235.5
1990	9,956.8
1991	13,823.9
Amount for CCC restoration:	
through 1990	14,192.3
through 1991	28,016.2

Mr. WHITTEN. In terms of the amount for both of these, please indicate for the record the program costs that are being reimbursed.

[The information follows:]

FISCAL YEAR 1991 PRESIDENT'S BUDGET, SUMMARY OF UNREIMBURSED CCC LOSSES BY CATEGORY FISCAL YEARS 1989 ACTUAL AND 1990–1991 ESTIMATED

[In millions]

Item	Fiscal year—		
	1989 actual	1990 estimate	1991 estimate
Losses:			
Loss on sales		$358.1	$368.1
Domestic donations		472.3	493.8
Export donations		208.4	100.7
Storage, handling & transportation		428.9	461.8
Producer storage payments		291.9	70.0
Loans written off		4.5	3.1
Marketing loan write-offs		108.2	150.3
Cash deficiency and diversions pymts	$4,235.5	6,393.7	10,123.4
Cash inventory/loan deficiency pymts		10.0	7.1
88/89 Crop cash disaster payments		6.0	
Deficiency certificates		15.9	
Diversion certificates		11.3	
86/89 Crop Disaster Certificates		−5.3	
Other certificates		766.0	1,100.0
Conservation reserve program			
Dairy termination program		178.3	106.1
PIK entitlements			
PIK other costs			
Operating expenses		633.9	641.3
Interest expenses		161.5	118.7
Dairy assessments			
Livestock emergency assistance (cash)			
FCIC crop indemnity payments		150.0	300.0
All other transactions		22.4	−52.0
Unreimbursed CCC losses, gross	4,235.5	10,216.0	13,992.4
Offsetting income from fiscal year 1988 advance appropriation		−259.2	−168.5
Total, net unreimbursed losses	4,235.5	9,956.8	13,823.9

ADP ACTIVITIES—CCC/FAS

Mr. WHITTEN. Page 30-15 of the notes list ADP activities. Under that narrative you state: "The purchase of microcomputers, peripheral devices and software in support of the Agricultural Trade Offices and Embassies worldwide is estimated at $5,000,000." Why are these costs charged to CCC rather than to the Foreign Agricultural Service?

Mr. BJERKE. The functions of ASCS/CCC and FAS are complementary in many aspects and are bound together through the supply and demand mechanics of the international marketplace and domestic programs in the United States. ASCS, CCC, and FAS are in agreement that the faster current foreign agricultural information is received, better and more informed domestic and international program decisions can be made.

The information provided by the worldwide Agricultural Trade Offices and Embassies with regard to market conditions, production of and foreign demand for agricultural commodities and weather conditions has a significant impact on all programs administered or financed through CCC, including P.L. 480 and CCC export credit programs.

CCC, through the Interagency Commodity Estimates Committees, uses this information to assist it in developing the President's CCC budget and in preparing various analyses of programs administered by CCC. In addition, this information is used extensively when developing and deciding on program provisions. For example, if corn production is down abroad, it could be cause to reduce the Acreage Reduction Program, thus increasing corn production due to an anticipated increase in exports.

Thus, since the current overseas equipment, which was originally funded by CCC through mutual agreement of ASCS and FAS management, plays such an integral role in administering ASCS/CCC programs, and since it has reached the end of its useful life cycle, equipment replacement using CCC funding of $5.5 million is proposed.

CCC CHARGES FOR STATE AND COUNTY OFFICE AUTOMATION PROJECT

Mr. **Whitten**. How much has been charged to CCC for the State and County Office Automation Project—SCOAP—costs, by year, for fiscal year 1987 through fiscal year 1991?

Mr. **Bjerke**. I will provide for the record a table that reflects equipment and maintenance costs under the IBM contract award for SCOAP charged to CCC for fiscal years 1987 through 1991.

[The information follows:]

CCC SCOAP costs

[In thousands]

Fiscal year:	*Costs*
1987	$34,364
1988	28,666
1989	13,607
1990	24,649
1991	20,114

CCC CHARGES FOR INFORMATION RESOURCES MANAGEMENT PLAN

Mr. **Whitten**. How much has been charged to CCC for the Information Resources Management Plan for fiscal years 1987 through 1991?

Mr. **Bjerke**. I will provide you a table that reflects all costs charged to CCC for information resources activities for the Agency, including SCOAP, for fiscal years 1987 through 1991. These costs include ADP equipment and related maintenance, and also commercial and governmental ADP services in support of CCC programs. These are also the amounts reported to the Congress as charges to CCC in applicable exhibits of the ADP Explanatory Notes, specifically the "Report on Obligations for Information Technology Systems."

[The information follows:]

IRM costs

[In thousands]

Fiscal year:	Costs
1987	$62,420
1988	57,680
1989	41,877
1990	67,981
1991	60,621

VIRGIN ISLANDS DISASTER ASSISTANCE

Mr. **Whitten**. When Hurricane Hugo struck last year, the Virgin Islands suffered significant damage. What response did ASCS have to agriculture requests related to Hugo? When did ASCS station personnel on St. Croix? Please describe the ASCS personnel situation in the Virgin Islands.

Mr. **Bjerke**. The ECP was implemented on October 25, 1989, for St. Croix, St. John, and St. Thomas, and an allocation was sent.

ASCS personnel were first stationed on St. Croix approximately 10 years ago. On December 31, 1989, the office position became vacant due to a personnel transfer to another agency. Due to the high priority work, the office was able to be staffed two days per week throughout January 1990. The office was able to again remain open on a full-time basis beginning February 1, 1990, when a person was temporarily transferred from another office.

We are now in the process of recruiting a permanent employee to staff the office on St. Croix which serves the Virgin Islands.

Mr. **Whitten**. What is the total request for ECP funding in the Virgin Islands? What has been allocted to date?

Mr. **Bjerke**. The total ECP funding request for the Virgin Islands is $555,203. Of that amount, $303,000 has been allocated to date.

EMERGENCY CONSERVATION PROGRAM

Mr. **Whitten**. For the record explain the procedure farmers go through to request and receive funds for ECP.

Mr. **Bjerke**. Producers must first apply for cost share assistance at the county ASCS office or the district ASCS office in the case of the Caribbean area. After an onsite inspection by a district or county office representative, producers may start the work, and upon completion report performance to the ASCS office. After an inspection as determined necessary by the ASCS office ensure proper completion of the work, producers then present bills and other required documentation to the ASCS office to receive cost-share payments. A special waiver was made for ECP work relating to Hurricane Hugo, allowing work to be completed prior to signup. However, this exception was applicable mostly to work completed in the very early stages of the clean-up effort.

Mr. **Whitten**. Mr. Myers?

IMPACT OF SEQUESTRATION

Mr. **Myers**. Well, thank you, Mr. Chairman. I apologize for getting here a little late. I serve on several other committees and one had to meet at 1:00.

I have only one or two questions. The sequestration that was ordered or forced upon us for 130 days—what impact did that have on your Department?

Mr. **Bjerke**. Back at the end of the year?

Mr. **Myers**. Well, yes, the 130 days starting the last quarter of last calendar year and then the first 70 days of this year I guess it was.

Mr. **Bjerke**. The main thing I believe would be the inability to make CRP payments in a timely manner. We had some people that were very nervous about when they were going to receive their CRP check. And as you are well aware, that did not happen as early as we would have liked, and that was a result of sequestration.

Some other areas of concern, of course, had to do with staffing and payment of salaries and what have you, but we made it through.

Mr. **Myers**. Were any payments reduced because of sequestration?

Mr. **Bjerke**. Not in CRP, they were not, because we did have enough carryover funding to satisfy the Gramm-Rudman requirement for CRP, and we were able to make full payments when we did make them. But there was some concern in the Department and here on the Hill as well.

Mr. **Myers**. So, farm producers did not suffer because Congress did not get its job done last year?

Mr. **Bjerke**. Only because they had to wait——

Mr. **Myers**. In time, but not in total dollars.

Mr. **Bjerke**. Correct.

Mr. **Myers**. You mentioned the CCC being exempt. Now, is it exempt from the conditions of Gramm-Rudman as well as sequestration, or is it exempt under the statute? The Chairman was asking a question. I did not quite understand how you responded to that question. Why is it not included in the Gramm-Rudman provisions of reducing.

Mr. **Bjerke**. We are subject to Gramm-Rudman, and payments that we make out of the CCC that are appropriated and used for farm program benefits are sequestered.

The difference I think is the request for reimbursement of net realized losses in the Commodity Credit Corporation, and that, as far as we know at this point has not been sequestered, and we would request that to continue.

Mr. **Myers**. In your request here you propose a current indefinite appropriation for reimbursement. So, every year we reimburse the CCC for whatever losses are incurred?

Mr. **Bjerke**. That is right.

Mr. **Myers**. At 100 cents on the dollar for the losses?

Mr. **Bjerke**. Right; we ask to have CCC borrowing authority restored through appropriations for loss reimbursement.

The special appropriation for salaries is sequestered. The money that we put out for farm program payments is sequestered. CRP, on the other hand, was also initially sequestered, but because we had considerable carryover funds, our appropriation was below the Gramm-Rudman-Hollings baseline. Therefore, the sequester was not ultimately required for the CRP, and it did not reflect in the payment to the farmer. So, he got his full contract payment, just later than normal.

CCC OUTLAYS

Mr. **Myers.** Now, the CCC outlays you presented are at $8.2 billion, down $2.3 billion because of the experience of the 1989 crop disaster. Now that means that you are picking up $2.3 billion. Are you saving that much money? You are not going to ask for it this year because you are reimbursing?

Mr. **Bjerke.** That stays in CCC, yes, sir.

Mr. **Myers.** The authority is still there, but you are just not requesting the money to reimburse them?

Mr. **Bjerke.** That is right. We only pay out what is earned.

Mr. **Myers.** Well, I know. Each year we have to pick up the deficiency, but it cannot be spent someplace else, that $2.3 billion. The authority is only in CCC, so it is a savings to the Government, but it is not a savings for the Department of Agriculture to spend in some other area.

Mr. **Bjerke.** If you will remember back with me a minute, most of those savings have been allocated for disaster relief. That is where we have come up with the money for that.

Mr. **Myers.** It is always after the fact when you have to reimburse.

Now, Steve. He is our Old Faithful here. He is always with us here.

ECP HURRICANE ASSISTANCE

The losses that we had this year because of the two disasters—I guess there were not any agricultural losses associated with the earthquake, but how about the hurricane down on the coast? Did we have any losses there that you had to pick up?

Mr. **Bjerke.** Severe losses, and in fact right now we are short $2.9 million, I believe, in funding our emergency conservation program in the Hugo area alone. We have about $6.5 million in total unmet emergency conservation requests from the States.

Mr. **Myers.** Are the Caribbean islands treated the same way as the continental United States?

Mr. **Bjerke.** Yes, they are.

The problems on St. Croix have been devastating. Hugo literally leveled the island. And compounded with that was the situation where a career employee of ASCS came upon retirement. And we have had a terrible time keeping people there to service our customers, if you will. I think that problem has been solved.

We have sent a lot of money to the Virgin Islands. We are still short about $300,000 of emergency conservation funding. Currently all funding has been allocated and we are thinking that we are going to come up with a new plan to get the rest of the money and send it to them.

Mr. **Myers.** I know it was devastating there. The Chairman and Mrs. Smith and I serve on another committee where we have been told that some of the structures, the dams, the roads, have all been washed out.

But my question was, are those farmers in the islands treated in the same fashion as the ones here in the continental United States.

Mr. **Bjerke**. They are.

Mr. **Myers**. No different?

Mr. **Bjerke**. A couple of interesting differences I might mention. We have a program in ACP, that the Chairman has made me aware of, of fencing, cost-share for fencing. In the Virgin Islands, we find people fence livestock out instead of fencing livestock in. And that creates an unusual problem for ASCS.

We also have very small units of production. In many States, they would almost be called a garden. And we need to be very careful to administer correctly and still stay within the bounds of the intent of the legislation.

Mr. **Myers**. Okay, thank you very much for your testimony.

Mr. **Whitten**. Mr. Skeen?

Mr. **Skeen**. Thank you, Mr. Chairman.

It is a fortunate situation when you have an island and you can fence livestock out instead of in.

Mr. **Whitten**. Excuse me. I did not see Mr. Smith over here.

Mr. **Skeen**. I will acquiesce to Mr. Smith.

APPLICABILITY OF SEQUESTRATION

Mr. **Smith**. Thank you. I have just a couple of questions.

I would like to clear up something that Mr. Myers asked about, and that is Gramm-Rudman sequestration. I believe that sequestration cannot affect an existing contract. For example, the deficiency payments for 1989 and 0/92 payments were not sequestered and not reduced—because you cannot change a contract that has already been signed. But you make it up on the following year. Is that right?

Mr. **Bjerke**. Well, we have some disagreement on that in connection with the CRP.

Mr. **Smith**. Well, I think you will find that is the way it is supposed to work. You did not reduce the amount of money that was owed on 1989 contracts that were signed last spring. However, the ones that are now being signed in county offices, are being reduced by the amount that was in Gramm-Rudman in order to achieve the required savings.

Mr. **Bjerke**. That is true on the crop program payments.

Mr. **Smith**. Right.

Mr. **Bjerke**. I do not think you can say it is necessarily going to hold true on CRP payments.

Mr. **Smith**. Well, the principal is the same. You cannot unilaterally change a contract after it has been made. You are not reducing CRP payments, are you?

Mr. **Bjerke**. To this point we have not had to, no.

Mr. **Smith**. Well, you cannot under the law.

Mr. **Myers**. If you would yield. That is what I was trying to find out.

Mr. **Smith**. There is no question about that. That was something we ironed out in the conference when Gramm-Rudman was passed. It is a Government contract. The guy entered into it and it was a two-sided contract. He was guaranteed that if he entered into this contract, he would get so much an acre for the life of the contract. We have never violated contracts.

Mr. MYERS. Would you yield at that point?

Mr. SMITH. Yes.

REPAYMENT OF ADVANCE DEFICIENCY PAYMENTS

Mr. MYERS. Thank you, Neal.

What was it that farmers had to pay back last year then? What was the arrangement on that? Did I misunderstand?

Mr. BJERKE. On deficiency payments, where we paid them in advance for—particularly barley has been a big issue. There is also some corn. These were payments that were made in advance assuming a lower market price. And with the advent of the drought and the higher prices, the need for those deficiency payments disappeared. Hence, they were required to be collected.

Mr. MYERS. That is what I thought.

Mr. SMITH. That was because the difference between average and market price and target price was not as much as originally anticipated.

Mr. BJERKE. Exactly.

COUNTY OFFICE STAFFING

Mr. SMITH. You are estimating that you will need 14 percent less office hours in county offices. What is that based on, or is that just something you were required to do to meet OMB's requirements?

Mr. BJERKE. Well, 2,400 county office staff years is what we are saying the reduction will be assuming continuation of the current farm bill and no additional disaster legislation.

Mr. SMITH. What is your basis? Is there going to be a reduction in the amount of work in the county offices?

Mr. BJERKE. Yes, sir.

Mr. SMITH. For what?

Mr. BJERKE. If we have business as usual, there would be.

Mr. SMITH. For what reason?

Mr. BJERKE. Because we would not have a new Disaster Act to administer.

Mr. SMITH. Oh, that is based on the disaster.

Mr. BJERKE. Right, and also on the CRP and some other items.

Mr. SMITH. I see. I wondered what that was for.

That is all I have, Mr. Chairman.

Mr. WHITTEN. Mr. Skeen?

Mr. SKEEN. This is deja vu.

Mr. MYERS. All over again.

DISASTER ASSISTANCE PAYMENTS

Mr. SKEEN. All over again. A good malapropism.

The Inspector General testified before us a few weeks ago and indicated there was not a uniform application of the provisions of the 1989 disaster assistance legislation. The Inspector General stated their own audits showed that ASCS accepted or used actual production records only when they were higher than the established county yields. The Inspector General also stated that their interpretation of the law said that the county yields are to be used only when there is no data on the preceding three years of production.

Who is right in this, Mr. Bjerke? ASCS or the Inspector General?

Mr. **Bjerke**. We think we are definitely right.

Mr. **Skeen**. You are willing to go to battle over it.

Mr. **Bjerke**. Yes, sir, we sure are.

And we believe that we fully understand the intent of Congress that the NASS data was that of first resort. And in most cases we find NASS data to be unusually low, and producers that can bring in evidence to prove higher production would be given that opportunity.

Mr. **Skeen**. I assume the two groups, the Inspector General and your group, are working this out.

Mr. **Bjerke**. Yes, sir.

Mr. **Skeen**. Where are you now in the process?

Mr. **Bjerke**. Well, we have gotten them to write down—I think in your statement they said there was something like a $3.2 million disparity. We are sitting now with $200,000 and some. We have come a lot closer.

Mr. **Skeen**. They gave up pretty easy, didn't they?

Mr. **Bjerke**. And we think that we will get the rest of it done.

Mr. **Skeen**. What kind of complaint base do you have?

Mr. **Bjerke**. From the producer?

Mr. **Skeen**. Yes.

Mr. **Bjerke**. Very high.

Mr. **Skeen**. And from the States?

Mr. **Bjerke**. Very high. Our programs continue to be complex. We continue to require a lot of signatures and a lot of paperwork. It is a high priority to try to streamline and make it easier, and we are trying everything we can to do that.

Mr. **Skeen**. I would like to know or be kept aware of just when you negotiate this situation out. Let us know. Drop us a line, would you please?

Mr. **Bjerke**. Yes, sir.

POTENTIAL DISASTER ASSISTANCE WORKLOAD

Mr. **Skeen**. There is also this continuing dialogue between dropping crop insurance and going back to disaster assistance. What I would like to know is do you currently have the personnel in place to handle this kind of a situation.

Mr. **Bjerke**. It depends on what the request ends up being.

Mr. **Skeen**. That is assuming that you have the responsibility for disaster programs.

Mr. **Bjerke**. Right. If we take over the entire program and we have to establish the yields and payments totally on our own, we would have increased staff requirements.

Mr. **Skeen**. Do you have the money to do it?

Mr. **Bjerke**. No, sir.

Mr. **Skeen**. You are going to have to come back and ask for it.

Mr. **Bjerke**. Yes, but the ability to share in this responsibility is very real. There are people in the Statistical Reporting Service and people in the FCIC and other areas of USDA that could quite possibly——

Mr. **Skeen**. So, you have resources that you can draw from.

Mr. **Bjerke**. Right.

Mr. **Skeen**. I like the crisp way you come across with an answer. That is a compliment.

In your view then, you can handle it up to a point, but if you ran into trouble with the——

Mr. **Bjerke**. Sir, as I mentioned earlier, we have projected our staffing needs for the next year at a reduced workload. Anything that we would do to change that would change that request.

Mr. **Skeen**. I appreciate the response, and I would like to have that information between the ASCS and the Inspector General.

Mr. **Bjerke**. Yes.

Mr. **Skeen**. Thank you, Mr. Chairman.

Mr. **Whitten**. Thank you.

Mr. Weber?

GRASSHOPPER INFESTATION

Mr. **Weber**. Mr. Chairman, thank you.

I just have two questions and they have to do, Mr. Bjerke, with coordination with other agencies on two separate matters.

First of all, we had APHIS in yesterday, and I raised the question to them of any potential response from the Department to the possibility of grasshopper infestations in the northern plains. We had, as you may be aware, really good rains in the last couple of days. Maybe the problem is not going to be as severe as we thought, but there is a possibility that we will have the worst infestation since the 1930s. It was already beginning to get severe along the Minnesota-Dakota border and other parts of the upper midwest, and it could be really problematic.

There are a lot of components of that problem that we might address, CRP acres being one of the most notable. We tried very hard last year to find some way that, in this case, APHIS could help us with reimbursements to local units of government for their eradication costs because we literally were wiping out township budgets in some cases.

Are you talking to the other agencies, particularly APHIS, about any possible response? In the event that we have a genuine disaster this summer, where can we look for some help?

Mr. **Bjerke**. Well, you have identified the issue very clearly, Mr. Weber. And you know that your home State and mine are both sharing in this request.

Mr. **Weber**. Right.

Mr. **Bjerke**. I am very, very aware of the situation.

Mr. **Weber**. That helps a lot. That is what I am counting on.

Mr. **Bjerke**. We have already met with APHIS on this subject. And Dr. Crowder has requested that we get together under their leadership to check all avenues because we think we have an earlier start this year on the problem. And like you, we hope that it rains enough so that it disappears. If it does not, certainly we want to be a part of the team to see what we can do to solve it.

Mr. **Weber**. What kind of things might you be able to do?

The problem we had with APHIS was they said that they could not reimburse for eradication on cropland, only rangeland. I still do not quite understand why they came to that determination. Are we going to run into that same problem again, that there is no possible way of helping counties in Minnesota or the Dakotas in the event that it gets to that point?

Mr. **Bjerke**. Well, I learned also that they have an economic impact statement that limits them to rangeland. We have currently asked OGC to look at the CCC Charter Act and see whether or not we have any similar type restrictions.

You can approach this from many different ways. It is not just a CRP problem. It is going to be roadsides.

Mr. **Weber**. Right.

Mr. **Bjerke**. It is going to be rangeland in general.

And it seems, with the environmental issue the way it will be, that if you do not eradicate systematically and totally almost county by county, you could almost not do it at all because if you go out farmer by farmer and spray a field here and there, why, the grasshoppers just move and you never kill anything. But if you blanket the entire county or township with a C-130 transport plane and then just spray everything, well, then you have some other folks that will get a little nervous as well.

It is not an easy fix.

Mr. **Weber**. I understand that.

Mr. **Bjerke**. And it is not a cheap fix. And even if we get to the point of cost-sharing, it is going to take a tremendous local coordination effort to make sure the application is complete and that they do it by the label and in an environmentally sound manner. It is fraught with problems.

Mr. **Weber**. Well, I am glad you are working on it.

Are there other agencies that are key players in that process that I should be aware of?

Mr. **Bjerke**. I think those are two main ones at this point.

Mr. **Weber**. Well, I just want to encourage you to keep that issue in mind.

SWAMPBUSTER

We have had a lot of problems with implementation of Swampbuster in our part of the country, the so-called northern pothole region. I pointed this out to Mr. Scaling when he came before this subcommittee. Farmers in my part of the country are not happy with the implementation of Swampbuster; they have come to learn that they are going to have to live with it, but are looking for a place that they can get an answer to questions about what qualifies as a wetland, and what does not, what is an acceptable practice and what is not, and repeatedly cannot get a straight answer.

For the average farmer out there who does not want to spend any more time than he has to working with the bureaucracy, who is the final determinant of questions like that, SCS or ASCS?

Mr. **Bjerke**. ASCS has the appeals process under the advice and counsel of the Soil Conservation Service.

Mr. **Weber**. Mr. Scaling was equally convinced that it was SCS. [Laughter.]

Mr. **Bjerke**. They make the determinations. They have the technical expertise to make the determinations, and I am sure he told you that they hope by the end of 1991 to have their mapping completed and have all wetlands identified. This will be a tremendous help once that is accomplished.

Mr. **Smith**. Will the gentleman yield?

Mr. **Weber**. I sure will.

Mr. **Smith**. I understood they were supposed to identify those by the time signup concludes this year. Is that not correct?

Mr. **Bjerke**. We have a new form that has been—we love forms—one that has been put together by the Soil Conservation Service and ASCS that requires the farmer at signup to identify whether or not he has done any additional drainage. If he says yes, if he has cleaned out or done anything of question, that determination will be made at signup this year. That does not conclude all of the mapping requirements nationwide.

Mr. **Smith**. So, those that did some——

Mr. **Bjerke**. Right.

Mr. **Smith**. But that then is not going to help. See, in 1990 you must comply with those requirements or lose all your benefits.

Mr. **Bjerke**. That is right.

Mr. **Smith**. And so, in a dry year you may go over a tenth of an acre into a swampy area, but they need to know the outlines that were there between 1981 and 1985. I understood that they were supposed to have that mapping by the time they finished signup.

Mr. **Bjerke**. We found another interesting aspect on that, if you would permit me. As we take an aerial photograph of every farm and use these for ASCS, we then carry these maps to the Soil Conservation Service and ask them to identify on those maps the highly erodible land and the wetlands. As they draw a circle of a wetland on a map, to this point in time, some of those have not been flagged or identified on the ground.

And that gets to your point that the farmer then can get to be in a very distressed situation if he plants somewhere other than following that curvature on the map.

Mr. **Smith**. And not only that, but he may not have farmed the land between 1981 and 1985. He does not know exactly what was farmed between 1981 and 1985. He is going to be in trouble if he does not have that clearly identified.

Mr. **Bjerke**. And we are doing everything we can to make the service available to go out and mark those on the ground. But you will find the farmers care a great deal about being in compliance, and they are doing a yeoman's job on discovering where they are located and how they can best——

Mr. **Weber**. If I may interrupt. They care a great deal because the only punishment is capital punishment. [Laughter.]

SWAMPBUSTER PENALTIES

That was going to be my next question to you. I understand you need penalties that really demand compliance, but we are in a situation where there is no in-between on this problem. It is capital punishment for murder, capital punishment for petty theft, capital punishment for jaywalking.

Do you think that we ought to have some kind of a sliding scale of penalties based on the magnitude of the infraction?

Mr. **Bjerke**. Yes, sir, I do very much support that.

I would like to share some numbers with you at this time, if I might. We have had lots of things exhibited in the press and around on various acres involved in swampbusting. Since 1985 we have right now 175 swampbusters nationwide, that is, producers that have lost program payments after having gone through the appeals and so forth.

Mr. **Weber**. Are they concentrated geographically by any chance?

Mr. **Bjerke**. Yes, they are, and I don't think you would like to know which State the majority are found in. [Laughter.]

But total converted acreage of 580 acres. Now, they have given up $1.8 million in program benefits for 580 acres, and that comes very close to addressing the capital punishment that you are addressing.

I keep hearing these large conversion numbers, and we cannot find any basis in fact on the actual swampbusted acreage to support them.

Mr. **Weber**. Well, we all thought we were doing a good thing with those conservation provisions in the 1985 farm bill. But the implementation of the regulations, at least in our part of the country, has been a real headache. I hope you will do everything you can to try to streamline that and work it out to the benefit of the producers.

Mr. **Bjerke**. We think, Mr. Weber, that we will do everything that you will allow us to do under the law, and we would hope that that will be a major issue as we debate.

Mr. **Weber**. I understand that most of the problems or many of the problems are not easily solved by simple administrative action.

Mr. **Bjerke**. They are not.

Mr. **Weber**. Thank you, Mr. Chairman.

Mr. **Whitten**. Any further questions?

RECEIPT OF DEFICIENCY PAYMENT

Mr. **Myers**. Mr. Chairman, I do not have a question.

Members of this committee often, when we file what we call the committee report, request an agency to carry out certain tasks, and report back to us. It is not uncommon for that to occur just a few days before these hearings, but you win the prize. Just about an hour ago I got my corn deficiency payment. [Laughter.]

Now, that is about the best timing I have seen in all the years I have been on this committee.

Mr. **Bjerke**. Mr. Chairman, I had one better.

Mr. **Myers**. Thank you. No, I am not chairman. I am working on it. [Laughter.]

Mr. **Bjerke**. I had to request a repayment of unearned deficiency payment for my boss. Now, that was worse. [Laughter.]

Mr. **Smith**. It must have been lower than you thought it was going to be, and that is the reason you wanted to know if it was sequestered.

Mr. **Myers**. I never know. I cannot figure it out how they come up with this figure. I think they have a dart board and throw it up and say that is what it will be this year. I never have seen two of them alike.

I am sorry Mr. Durbin is not here. I am a small-time farmer out in Indiana, and I have commented before about the water on my farm and the Corps of Engineers, just two weeks ago, reported how much water I had and said it is a 20-year flood. Would you believe how fast time travels? I have had the second 20-year flood now in two weeks. [Laughter.]

And right now we are up to 2040.

Mr. SKEEN. You are good for 40 years now.

Mr. MYERS. You would think so, but I lost my crops twice last year.

CLOSING REMARKS

Mr. WHITTEN. May I say we appreciate your being here. And the questions we have asked are necessary just to keep tab.

As I said earlier I have kept this subcommittee through the years despite the high visibility of all the other subcommittees, because I think agriculture is basic to the needs of this country. It is historically the biggest dollar earner in world trade. It is the biggest employer of industry and labor, and despite the fact you do not have many people farming, it is still the biggest industry we have.

But as the country gets more and more urban, we find there is less and less understanding of just how much agriculture does for the nation. This committee and every member on it is interested in rural areas, and the rest of the country should be too because for the last 10 years we let agriculture deteriorate.

So, I glory in your efforts to take care of the land. Thank you a whole lot for your appearance.

Our colleagues Mr. Traxler and Mrs. Smith have some questions to be answered for the record.

Mr. CROWDER. Thank you, Mr. Chairman. We appreciate your support.

YIELDS PROVIDED THROUGH ASCS FOR CROP DISASTER PROGRAMS

Mr. TRAXLER. In the past year, I have heard from a number of growers who have had difficulties with the yields provided through ASCS for crop disaster programs. I appreciate that you have not always had records for all commodities, and that you have had to rely on other sources for this information. Could you describe for me how you got this data, the general reliability of the data, and what recommendations you would make for improving the data for future uses?

RESPONSE. In an effort to most effectively serve ASCS county producers when program and non-program yields are unavailable, crop yields are provided by State ASCS Offices in the following sequence:

1. National Agricultural Statistics Service (NASS) is the first informational source to be used in yield establishment process. If county yield data is available for the preceding 5 year period, the procedure is to drop the high and low yields and average the remaining three. It should be noted that NASS data is derived from producer input that can only be as reliable as the data reported.
2. If NASS data for a county yield is not available, the use of NASS State or area yields will be substituted in the same calculation process as described in 1 above.
3. If no NASS data is available, the same procedure is used with information provided from Farmers Home Administration (FmHA).
4. If no data is available from FmHA, other government agencies such as Extension Service may provide the data to complete the calculation.

5. The last effort used to establish yields is production evidence from other available sources.

This use of information has proved to be reliable and is generally in the long run dependent upon the accuracy of production data reported by producers. In order to improve the data for future use, producers should be encouraged to keep accurate records on production and planting for both program and non-program crops. By having accurate data to work with, ASCS would be in a better position to administer crop disaster programs with fewer complaints from producers.

APPEALS ON YIELD-RELATED MATTERS

Mr. **Traxler**. How many appeals have you had on yield-related matters, and how successful have these appeals been?

Response. Currently there is no data available at the national level on the number of yield-related appeals. Extensive and detailed reporting would be required from the 2,800 ASCS county offices in order to provide such information. Program procedure has been designed so that the establishment of yields, and the administration governing them, would remain at the local level.

DIFFICULTY COLLECTING YIELD DATA FOR CROP YEAR 1988 DISASTER PROGRAM

Mr. **Traxler**. I am under the impression that it was more difficult to collect yield data for the 1988 disaster program than had been the case for 1986. I am also told that the yields used in 1988 were lower than the yields used in 1986 for many specialty crops. What is your assessment of these claims?

Response. Generally it is probably true that the yields used in the 1988 disaster program were lower than in 1986, while at the same time being more difficult to collect. A large expansion in the number of 1988 crops eligible for disaster payments was one of the major reasons that the collection of 1988 disaster yield data was indeed more difficult than it had been during the 1986 disaster. In addition, in cases where NASS had no recorded data for a crop that had been made eligible, counties had to resort to other sources for yield information. For some States it was not unusual for there to be only one producer in the State producing a particular crop, therefore making yield data even more difficult to obtain. The yields for 1988 were probably lower than 1986 yields when you consider that in the 5 years prior to 1988 there were at least 2 years with disaster-affected production.

CCC COMMODITY DONATIONS

Mr. **Traxler**. The Food and Nutrition Service is planning on using $12 million worth of CCC donated commodities—primarily nonfat dry milk—in the commodity supplemental food program in fiscal 1991. Industry personnel tell me that they are unsure of the ability of CCC to acquire this product for this and other feeding programs. What is your current assessment of the availability of surplus food products?

Response. Under the dairy price support program, CCC only acquires those products which are offered to the CCC by the industry. However, with the world price of nonfat dry milk—NDM—currently below the domestic support price it is likely that CCC will again be purchasing NDM under the dairy price support program. Therefore, we do expect that the quantities of NDM suggested by the Food and Nutrition Service (FNS) will be available during fiscal year 1991.

Mr. **Traxler**. Have you budgeted for the acquisition of this dairy product, and if so, can you identify this budget item for me?

Response. The fiscal year 1991 CCC budget currently includes an estimate of $63.9 million for price support purchases of NDM, about 5 times the quantities necessary to meet FNS requirements.

Mr. **Traxler**. Some have suggested that more dairy product could be obtained through the use of section 32 purchases. Can you describe for me how such a system might work?

Response. Section 32 funding is used to purchase certain perishable, non-basic commodities under very strict guidelines. Such purchases must be through normal commercial channels and must not disrupt normal trade.

With the current dairy price support program, surplus commodities are purchased by CCC. If the product is not in surplus, then attempting to purchase it under Section 32 would not be feasible since the product would not likely be available at reasonable prices.

REDUCTION OF STAFF

Mrs. SMITH. Administrator Bjerke, in your statement you refer to a $630.4 million request in your budget achieved by reducing your county staff by 2,400 staff years. This would reduce your agency's staff from the fiscal year 1990 level of 17,600 to 15,200 in fiscal year 1991. I am concerned in light of Congress's likely action in passing a farm bill this year. Most likely, new regulations and programs will need to be implemented by the ASCS. Will the ASCS have adequate and effective staffing in light of these reductions proposed in the President's budget? What are the justifications for these reductions?

RESPONSE. The estimated 2,400 staff-year decrease in county offices for fiscal year 1991 is primarily a result of no signup for CRP and the completion of the 1988 and 1989 crop disaster programs and the subsequent reduction of temporary employees used to administer these programs. The fiscal year 1991 budget request provides adequate funding to retain experienced personnel and provide proper service to producers for programs consistent with the 1985 Farm Bill. However, this level does not reflect any potential increased workload associated with the upcoming 1990 Farm Bill, since the President's 1991 budget is based on current law. As you noted, the Farm Bill may have a significant effect on fiscal year 1991 ASCS operations, particularly any provisions dealing with permanent disaster legislation and the CRP. As the new farm bill proposals are considered by the Congress, we will have a better understanding of the estimated funding and staff years required to properly administer the provisions of the 1990 Farm Bill. If major changes occur as a result of the 1990 Farm Bill, then there would be significant staffing and funding implications for ASCS administrative operations.

CONSERVATION RESERVE PROGRAM

Mrs. SMITH. As you know, I have introduced H.R. 4218, the Environmental Reserve Program (ERP) Act of 1990, to better address increasing environmental concerns in our land retirement programs—especially water quality. Essentially, my proposal mirrors the Administration's recommendation to broaden the scope of the Conservation Reserve Program (CRP) to inclue more than just soil conservation.

H.R. 4218, however, would provide 11 million acres for environmental purposes, wetlands, and water quality concerns—5 million more acres than the Administration's proposal.

Mr. Bjerke, does the Department have any figures regarding the number of acres nationally that would qualify if eligibility were expanded to these environmentally sensitive areas?

RESPONSE. The extent of environmentally sensitive acreage depends on the definition of "environmentally sensitive." The CRP currently allows cropped wetlands to enroll into the program. ASCS estimates that 3 to 5 million acres of cropped wetlands will qualify for CRP under existing program provisions. Detailed data is lacking to develop accurate estimates of potential filter strip acreage. Unofficial estimates place potential filter strip acreage at around 3 million acres.

Estimates are that 4 million acres of cropland overlay Karst formations which, because of their unique geologic structure, are highly susceptible to ground water contamination. Estimates also indicate another 1.2 million acres of cropland are located within a 1,000-foot radius of public water supplies (EPA-defined well head protection areas). Saline seeps and their recharge areas occupy approximately 5 million acres.

The Department is still evaluating the extent of cropland acreage that threatened or endangered species occupy and cropland that occurs in 319 water quality plans with identified non-point source problems. It should be noted that many of these estimates are no more than "best guesses," since data is not readily available for some of these specific categories.

Mrs. SMITH. My proposal also includes provisions to allow for economic uses of retired land that do not detract from the purpose for which the land was retired.

Mr. Bjerke, do you believe that the Department could reasonably adjust annual rental rates to account for income from the use of retired land, and, in your opinion, could that adjustment bring additional cost savings to the program?

RESPONSE. The Department could adjust rental rates for land uses that are compatible with the program goals. Rental rates were adjusted for producers that hayed CRP land due to the drought in 1988 and 1989. Only land uses that are compatible with the program goals and that are managed in an environmentally prudent manner should be permitted.

The Department has not conducted a study to quantify anticipated costs and benefits of allowing alternative uses on CRP land. The cost savings would be dependent on the extent producers volunteer to participate, the alternative land use choices, and the market prices for the commodities or services produced with alternative land uses.

CCC REDUCTION

Mrs. SMITH. In the President's budget recommendations, the Administration has proposed that a $1.5 billion reduction in CCC funding be achieved. However, the Department has not outlined any specifics regarding this reduction and who might be affected by the cut.

Administrator Bjerke, would you briefly explain to the committee the reason for the Administration's request?

RESPONSE. Two main issues are the rationale for the Administration's proposal. The first issue is the Federal deficit. Under the Gramm-Rudman-Hollings Act, the deficit target changes from $124 billion in fiscal year 1990 to $63 billion in fiscal year 1991. This means that $61 billion in savings must be achieved in fiscal year 1991 to meet the lower deficit target. The second issue is an acknowledgment that Federal resources are limited. While expenditures for farm support programs have decreased dramatically from the mid-1980's, the fiscal year 1991 projected CCC outlay of $11.7 billion still exceeds historical spending levels for these programs. Our $1.5 billion reduction proposal is an attempt to address these two realities responsibly.

Mrs. SMITH. As well, what budget reduction options did the Department consider when reaching the $1.5 billion figure?

RESPONSE. Although we have not developed a specific set of options to achieve the $1.5 billion savings in fiscal year 1991, our proposals for the 1990 Farm Bill include several options which could provide some of the savings. These are the planting flexibility proposal, reforms in the support programs for honey, wool and mohair and adjustments in the loan rates for cotton and rice.

Mrs. SMITH. Would the reduction of target prices be necessary to achieve this $1.5 billion cut?

RESPONSE. A reduction in target prices is not the only means of achieving the $1.5 billion savings. Clearly, if target prices were gradually lowered as was done under the 1985 Farm Bill, then some savings could be achieved in deficiency payments. However, reductions in eligible acreage for program payments, further tightening of payment limitations and other alternatives developed with the Congress could also be used to achieve the $1.5 billion savings.

NORMAL CROP ACREAGE

Mrs. SMITH. Administrator Bjerke, in your statement you briefly state the Administration's support for a Normal Crop Acreage—NCA—program in the 1990 Farm Bill. Would you briefly outline for the committee the purpose of this NCA program? What benefits would be achieved if the NCA was adopted by Congress?

RESPONSE. The Administration's proposal for greater planting flexibility is designed to foster a more equitable and market-oriented U.S. agriculture. It is not a decoupling plan, since a producer's payments under our proposal will vary with the producer's output decisions. Moreover, the producer's payments will vary with market prices, as they do under current law. Our proposal is simply a mechanism to permit farmers to plant a variety of crops on base acreage without losing program payments or reducing the historical program bases associated with the farm.

Producers who have limited cropping options would not be placed at a disadvantage because of planting flexibility. They can enjoy many of the same benefits as others with more diversified farms through the ability to increase or decrease planting of any crops within the Normal Crop Acreage, by increasing the use of crop rotations and improving conservation practices.

Farms with large bases should have no more of an advantage under flexibility than they have under present legislation. Although larger farms tend to receive larger Government payments, they would also be required to idle larger amounts of land.

COMMODITY CERTIFICATES

Mrs. SMITH. Mr. Bjerke, as you know, last summer many producers across the nation were devastated by the effects of a second year of drought. As in 1988, Congress passed disaster assistance legislation to help producers survive one additional year.

In carrying out the provisions of the Disaster Act of 1989, the Department has decided to issue commodity certificates for disaster benefits rather than actual cash payments. However, commodity certificates are trading at about 5 percent less than their actual face value. Mr. Bjerke, since this 5 percent loss does not represent a savings to the Federal Government—only a cost to farmers—could any provisions for early redemption be accommodated?

RESPONSE. Many of the current demands for a change in our certificate redemption policy are coming from those who must repay unearned 1988 crop deficiency payments. However, allowing early certificate redemptions to be used to repay earned deficiency payments, while beneficial to those farmers who are original holders of certificates, would be unfair to others. Most of the certificates presently owned by original holders were issued as 1989 disaster payments, while repayments due at this time are primarily from farmers who did not qualify for disaster assistance in 1988 or 1989 on the crops for which repayment is required.

CCC GRAIN CATALOGS

Mrs. SMITH. Mr. Bjerke, I was so very pleased when Secretary Yeutter announced last November that loans for grain stocks held in the Farmer-Owned Reserve would be extended for one year. Farmers in my district were suffering from a second year of drought and needed the additional storage income stability. However, many farmers in my district are now concerned that continuing CCC Catalog releases are depressing cash prices. Has the Department undertaken any analysis of CCC Catalogs on cash prices paid to farmers?

RESPONSE. There is no known method of analyses to determine the effect that CCC's Catalogs have had on cash prices paid to farmers.

The USDA Supply and Demand Report of November 9, 1989, projected the corn carryover at the end of the current marketing year to be 1,898,000,000 bushels. On March 9, 1990, this projected carryover was reduced to 1,480,000,000 bushels. This is a reduction of 418,000,000 bushels due to projected increased exports, increased feeding, increased industrial uses, and a reduction in the estimates of the 1989 crop. During this period of time, CCC cataloged 159.8 million bushels of corn and released into the market, through sale or exchange, 196.5 million bushels. During that same period of time, the price of corn paid to farmers at interior midwest points rose from $2.25 to $2.33.

Mrs. SMITH. What future positive effects are you expecting to realize from issuing additional CCC Catalogs?

RESPONSE. CCC intends to continue to make its grain inventories available in exchange for generic commodity certificates, and we expect continued reductions in CCC inventories will have definite, positive effects on prices paid to farmers.

In other words, the farmers who must repay their advance deficiency payments and those who hold original certificates are by and large not the same people. Therefore, we are concerned that allowing some farmers to use certificates to repay their payments while requiring others who do not have access to certificates to pay with cash would be inequitable.

Farmers who received unearned 1988 deficiency payments on a specific crop but qualified for 1988 or 1989 disaster assistance on that same crop do not have to repay the CCC until July 31, 1990. These farmers already have or soon will receive 1989 disaster payments in the form of certificates and will be able to cash them in at full face value by July since the certificates' 5-month maturity dates will have been reached.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Statement of Keith D. Bjerke, Administrator
Before the House Subcommittee on
Rural Development, Agriculture and Related Agencies

Mr. Chairman and Members of the Subcommittee, I appreciate this opportunity to present the fiscal year 1991 budget request for the Agricultural Stabilization and Conservation Service. This is my first appearance before the Subcommittee, and I am pleased to be here today. I would like first to discuss our proposals for the conservation programs, then highlight the Commodity Credit Corporation request, and conclude with a discussion of the Salaries and Expenses account.

Conservation Programs

Agricultural Conservation Program. Mr. Chairman, I am pleased to be able to testify that, for the first time in many years, our ACP Budget proposal requests funding for this program at recent levels. This request reflects the priority given to this program by both Secretary Yeutter and myself since the 1991 budget process began last spring. The requested $176 million will provide funding for traditional ACP activities including $129.2 million for annual conservation practices, $20 million for long-term agreements, $2 million for the variable cost-share level project, and $1.8 million for Forest Service technical assistance. The request will also provide $23 million in 1991 to support the Department's ongoing water quality initiative begun in 1990 and includes $1.8 million for 16 USDA national demonstration projects, $7.1 million for an additional 37 USDA nonpoint source hydrologic units, and $14.1 million for ACP special water quality projects. At the requested level, the ACP will assist in applying conservation practices on approximately 7.3 million acres, saving 37.9 million tons of soil and 466,000 acre-feet of water.

Conservation Reserve. Nine signups for the Conservation Reserve Program have enrolled a total of approximately 33.9 million acres to date. Our 1991 budget proposes an appropriation sufficient to fund an additional 6.1 million acres to achieve a 40 million acre conservation reserve by the end of the 1990 crop year, as required by the Food Security Act of 1985.

Our fiscal year 1991 appropriation request of $1.378 billion, together with an estimated fiscal year 1990 carryover balance of approximately $395 million, would provide $2.062 billion for rental payments, including first-time payments on 1990 crop contracts, and $192 million to share the cost of establishing vegetative cover. However, as you know, Mr. Chairman, the tenth signup is now on hold, pending Congressional consideration of the Secretary's recommendations for the CRP that are included in the Department's 1990 farm bill proposals. These proposals still call for a 40 million acre reserve, as does the January Budget, but would redirect the objectives for the remaining 6 million acres towards wetlands, water quality, and tree planting in environmentally sensitive areas. We anticipate that Congress and the Administration will come to an agreement within the next few months to incorporate these proposals in a new farm bill.

In fiscal year 1990, rental payments on crop-year 1986 through 1989 acres totaled $1.456 billion and were made in late October, 1989. Cost-sharing for the continued establishment of vegetative cover is estimated at $302 million.

Colorado River Basin Salinity Control Program. The requested $14.3 million for the Salinity Program -- an increase of $4.4 million over the fiscal year 1990 appropriation -- will continue to move the program closer to the original implementation schedule and will further support the Administration's water quality initiative. The 1991 budget request will provide $13.4 million for six ongoing projects located in Colorado, Nevada, Utah, and Wyoming; $1.3 million for preimplementation activities for two new projects, and $0.1 million for planning studies. This funding level will enable participants to apply over 300 miles of irrigation pipelines and ditch linings and install improved irrigation systems on 33,600 acres.

Water Bank Program. For fiscal year 1991, we are proposing $12.8 million to carry out a dual Water Bank Program under proposed legislation to permit participants to choose between entering into traditional 10-year agreements or selling permanent conservation easements on their wetlands and adjacent land. This dual program will enable the Department to assess the costs and producer acceptance of permanent easements. The Budget proposes $10.5 million for 10-year agreements under current law and $2.3 million for easements under proposed legislation. However, the actual funding distribution would be determined by landowner participation, since participants will be able to choose either option within the total funding level.

Forestry Incentives Program. The 1991 request of $12.4 million for the Forestry Incentives Program is the same as the amount provided in fiscal year 1990. Funding at this level will provide cost-sharing for tree planting on 159,300 acres and timberstand improvement on 33,650 acres.

Other Programs. No fiscal year 1991 funding is requested for the Emergency Conservation Program. Future emergency needs for farmland rehabilitation cannot be predicted and will be addressed as the need arises. For the Dairy Indemnity Program, we anticipate that carryover funds will be sufficient to cover a normal year's claims in 1991 and no new funding is therefore requested.

Commodity Credit Corporation

Commodity Program Outlays

Net CCC outlay for price support and related activities in fiscal year 1989 totaled $10.5 billion, mostly for the 1988-crop programs. Total CCC net outlays in fiscal year 1990 are projected at $8.2 billion, down $2.3 billion from fiscal year 1989. This decrease is mostly due to lower 1989 crop disaster and livestock assistance payments in fiscal year 1990, which decreased about $2.8 billion from the 1988 crop disaster payments made in fiscal year 1989.

The outlay estimates for fiscal year 1990 also incorporate reductions of over $400 million due to provisions of the Omnibus Budget Reconciliation Act of 1989. The Act reduced projected CCC outlays primarily through a combination of lower 1990 crop deficiency payments and increased flexibility in the use of base acreage. Also as a result of the Reconciliation Act, the President issued a 1990 Gramm-Rudman-Hollings deficit reduction sequester order requiring a 1.4 percent sequester, implementation of which is expected to result in CCC outlay savings of $156.0 million. Reductions of 1.4 percent will be made to cash payments to producers, cooperatives, and associations for 1990 crop commodity loans, deficiency and loan deficiency payments for 1990 crops, and to any 1990 crop commodity certificates that producers redeem for cash. To comply with the 1.4 percent reduction, CCC also implemented an assessment of 6.3 cents per hundredweight on all milk marketed for commercial use during the month of January 1990 only.

For fiscal year 1991, net outlays are projected at $11.7 billion, an increase of $3.5 billion from the fiscal year 1990 projected level. These fiscal year 1991 outlays are based largely on 1990 crop provisions of the Food Security Act, and, on the assumption that 1991-crop target prices will be at 1990-crop levels. The increase in outlays in fiscal year 1991 is due to a combination of higher estimated production levels, assuming more normal weather, and the "frozen" target prices. These factors result in higher 1990-crop final deficiency payments and higher 1991-crop advance deficiency payments in fiscal year 1991.

In order to help reduce the Federal deficit, the budget proposes a reduction in fiscal year 1991 outlays of $1.5 billion from the $11.7 billion current law baseline estimate. Program changes to achieve this reduction will be developed through the legislative process.

CCC Financing

The President's Budget again proposes a current, indefinite appropriation for reimbursement of CCC's realized losses, with no cap, to ensure maximum flexibility for CCC financing of farm programs directly from Treasury. Although we do not currently foresee any borrowing authority availability problems occurring in fiscal year 1991, the new farm bill could create a situation where this flexibility would be needed. Our estimate of the funds that would be drawn to restore CCC realized losses under the proposed authority in fiscal year 1991 is $6.1 billion.

1990 Farm Bill

Secretary Yeutter recently presented the Administration's 1990 farm bill proposals. These proposals are designed to continue U.S. agriculture's increasing market orientation, to improve our international competitiveness and to address environmental concerns. One goal of the proposed farm bill is to have the flexibility necessary to adjust to the international marketplace. This would be accomplished through the concept of Normal Crop Acreage (NCA), which would encourage farmers to plant crops based on market signals without the loss of farm program benefits. New policy changes include grain reserve and stocks policy, multi-year set asides and a disaster assistance program to replace the current federal crop insurance program and ad hoc CCC disaster assistance. In addition, implementation of annual acreage reserves and loan rates would be changed to enhance program effectiveness.

In the Department's proposed farm bill, target price levels are not outlined. Instead, it is proposed that specific target price levels be worked out with the Congress. The budget, as mentioned earlier, assumes 1991 target prices are frozen at the 1990-crop levels.

ASCS Farm Program Administration

I want to note first, Mr. Chairman, that we greatly appreciate this Committee's support in providing the necessary administrative funding in last year's 1989 Supplemental Appropriation Act to carry out legislated disaster assistance activities. These supplemental funds allowed us to complete the large 1988 crop disaster workload and begin servicing producers for the 1989 crop disaster program. Secondly, I would like to emphasize that our 1991 administrative funding proposals are based on assumed continuation of current law, and the estimates I will outline could change substantially depending upon the final provisions of the new Farm Bill.

Our CCC transfer authority request for fiscal year 1991 of $630.4 million anticipates a reduction of 2,400 county office staff years from the estimated fiscal year 1990 level of 17,600. This decrease, largely affecting temporary employees, would bring total county office staff-years for fiscal year 1991 to 15,200. The projected reduction primarily reflects the completion of workload associated with the Disaster Assistance Act of 1989 and no Conservation Reserve Program signups in fiscal year 1991. Again, however, final Congressional action on the Administration's farm bill proposals, which were transmitted after the 1991 Budget, could significantly affect ASCS workload, particularly any disaster and conservation reserve provisions.

Despite the projected staffing decrease, our 1991 transfer authority request is $6.7 million higher than the 1990 authorization, after adjusting for an $8.9 million Gramm-Rudman-Hollings reduction. This is due mainly to annualization of the fiscal year 1990 pay raise, an anticipated pay raise of 3.5 percent in fiscal year 1991, increased operating costs such as rent and utilities, and higher average staff year costs since we project fewer temporary employees in 1991.

Mr. Chairman, this concludes my prepared remarks. I will be happy to answer any questions you may have.

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KEITH D. BJERKE

Administrator
Agricultural Stabilization and Conservation Service

Keith D. Bjerke was named Administrator of the Agricultural Stabilization and Conservation Service (ASCS) by Secretary of Agriculture Clayton Yeutter on May 15, 1989. As Administrator of ASCS, Mr. Bjerke also serves as Executive Vice President of the Commodity Credit Corporation.

Mr. Bjerke has operated a 3500-acre farm near Northwood, North Dakota, since 1964, producing hard red spring wheat, malting barley, soybeans, dry edible beans, corn, alfalfa and hogs. He also served as hog procurement consultant for Cloverdale Foods, Inc. He has been on the board of directors of Pioneer Mutual Life Insurance Co., the Federal Reserve Bank of Minneapolis, and the Minneapolis Grain Exchange.

Mr. Bjerke has also served as a member of the USDA Users Advisory Board, as vice chairman of the North Dakota Ag Products Utilization Commission, and as chairman of the Agricultural Research and Extension Consultation Board, North Dakota State Board of Higher Education.

He served in the U.S. Marine Corps as an officer from 1961-64. He currently is a Lieutenant Colonel in North Dakota Air National Guard and commands the 119th Consolidated Aircraft Maintenance Squadron. He has been active in church, civic, fraternal and farm organizations, including the Pork Producers, 4-H, Farm Bureau, Farm Foundation and the National Council on Ag Research, Extension and Teaching.

He graduated from North Dakota State University, Fargo, in 1961, with a degree in animal husbandry.

Mr. Bjerke is married and has four children.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Purpose Statement

The Agricultural Stabilization and Conservation Service (ASCS) was established by the Secretary of Agriculture on June 5, 1961, under the authority of Reorganization Plan No. 2 of 1953, in accordance with the Reorganization Act of 1949, as amended (5 U.S.C. 901-913). The warehouse examination function was transferred from the Agricultural Marketing Service to ASCS under Secretary's Memorandum 1020-15, effective May 13, 1984. The U.S. Warehouse Act (7 U.S.C. 241-273) is the legislative authority for this program. The Food Security Act of 1985, enacted on December 23, 1985 provided for changes to several existing grams and required the implementation of many new programs, primarily those operated through the Commodity Credit Corporation. The Disaster Assistance Acts of 1988 and 1989, enacted August 11, 1988 and August 14, 1989, respectively, provided for disaster assistance to eligible producers who experienced in 1988 and 1989 livestock or crop losses due to damaging weather or related conditions.

The ASCS conducts its programs in the field through a number of offices. Agricultural Stabilization and Conservation State and county committees are responsible for local administration of a variety of programs dealing directly with the farmer. Through the farmer-elected ASC county committees, ASCS also obtains recommendations and advice in the formulation of program plans and policies. There are 50 ASC State committees, an ASC committee in Puerto Rico, and 3,054 county committees. The Washington headquarters offices and the Kansas City field offices are the principal staff offices for carrying out activities of the Commodity Credit Corporation (CCC). Such functions include accounting for loans and purchases; acquisition, management, storage, and disposition of commodities; and related transportation and accounting activities.

ASCS licenses warehouses and performs inspections of these facilities, for a fee, to reduce the risk of financial loss to depositors storing commodities at licensed facilities. Inspections are also performed on non-licensed facilities that have storage contracts with CCC for commodities owned by or pledged as collateral to CCC.

Permanent, full-time, end-of-year Federal employment for ASCS for fiscal years 1989, 1990, and 1991 is as follows:

Federal Employment	FY 1989 (actual)	FY 1990 (est.)	FY 1991 (est.)
Washington	609	620	620
Field Offices (States, Kansas City field offices, and Aerial Photography Field Office)	2,289	2,356	2,361
TOTAL FEDE	2,898	2,976	2,981
ASCS county office staff-years	17,530	17,600	15,200

Following are the principal programs and funding related to ASCS operations:

1. Salaries and Expenses Account. The administrative expenses of Agency programs and other functions assigned to ASCS are funded by this account. The account was established by the Agricultural Appropriation Act of 1963 (P.L. 87-879) to simplify budgetary and accounting requirements and recordkeeping. Salaries and expenses for administering commodity price support, related CCC programs, warehouse examinations, conservation, and all other programs are financed by funds transferred from the CCC, by user fees, and by various transfers, advances, and reimbursements. The Agricultural Appropriation Act of 1964 (P.L. 88-250) authorized the merger of all sources of administrative expense funds, including those transferred from CCC.

2. Conservation Reserve Program. The Conservation Reserve Program (CRP) was mandated by sections 1231-1244 of the Food Security Act of 1985 (P.L. 99-198) to establish permanent cover on highly erodible cropland. The primary objectives of the CRP are to help farmers control critical soil erosion that occurs on about a third of America's cropland and to decrease production of surplus agricultural commodities.

   The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on all cropland meeting the eligibility criteria: belonging to land capability class VI through VIII; eroding at three times the soil loss tolerance or higher; eroding at twice the soil loss tolerance if there is serious gully erosion or if trees are planted; or having cropped wetlands or cropland subject to scour erosion. Up to 45 million acres of highly erodible land may be entered into the reserve.

   The program is administered by State and local ASC committees working under the general direction of ASCS. Technical assistance is provided by the Soil Conservation Service, the Forest Service, State forestry agencies, the Cooperative Extension Service, and other appropriate agencies.

   In exchange for entering land into the reserve, program participants will receive annual rental payments in cash or CCC commodities, or a combination of both, based on their accepted bids per acre and the number of acres placed under 10-year contracts. In addition, farmers will receive one-time payments of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

   To facilitate program implementation, use of the funds, services and facilities of the Commodity Credit Corporation (CCC) was authorized for fiscal years 1986 and 1987. In accordance with the Food Security Act, beginning with the fiscal year 1988 budget, separate appropriations have been requested to carry out program provisions. The services and facilities of the CCC continue to be used, with annual appropriations provided in advance.

3. Agricultural Conservation Program. This program is authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (P.L. 74-46), as amended and supplemented; sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970 (P.L. 91-524), as added by the Agriculture and Consumer Protection Act of 1973 (P.L. 93-86); section 1501 of the Food and Agriculture Act of 1977 (P.L. 95-113); and the Energy Security Act of 1980 (P.L. 96-294). The program's primary objective is to conserve the nation's agricultural soil and water resources in order to ensure a continuing adequate supply of food and fiber while enhancing the environment. The ACP focuses on the highest priority resource problems and the most cost-effective practices for dealing with these problems.

Through the ACP, farmers and landowners receive assistance of up to 75 percent of the cost of performing enduring conservation practices that would not be carried out without ACP assistance. A variable cost-share level is also used by counties on a voluntary basis to encourage more conservation on the land for the same or less cost, by relating cost-share levels to the severity of the erosion and the amount of soil savings obtained.

The program is developed jointly by ASC committees, the Soil Conservation Service, the Forest Service, and in most instances, the soil and water conservation districts and State conservation commissions. Program development is done in consultation with National, State, and county ACP conservation review groups, the Cooperative Extension Service, the Farmers Home Administration, and representatives of local agencies and nongovernmental organizations. The Soil Conservation Service, Forest Service, and State forestry agencies provide technical program guidance to ASC committees as well as technical aid to farmers in carrying out conservation practices. The ACP is administered by ASC State, county, and community farmer-elected committees, working under the general direction of ASCS.

4. Colorado River Basin Salinity Control Program. This program is authorized by Section 202(c) of Title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)). The purpose of the program is to reduce salinity in the Colorado River and to improve water quality delivered to downstream users in the U.S. and Mexico by identifying salt source areas, developing plans, and implementing salinity control measures. Measures include improvement of on-farm irrigation water management, related laterals, and erosion management practices. The Federal Government provides financial and technical assistance to landowners to plan, install, and maintain needed soil and water conservation practices, including replacement of incidental fish and wildlife values; conducts research, demonstration, and education activities; and monitors and evaluates program effectiveness. The program provides for a 70-percent Federal cost-share rate with reimbursement of 30 percent of ASCS cost-share funds by the States (to be billed by USDI and paid by the States to Treasury), for an effective Federal cost-share level of 49 percent. The program will be carried out in the seven Colorado River Basin States, with current emphasis on projects in Colorado, Utah, and Wyoming.

5. Forestry Incentives Program. This program is authorized by the Cooperative Forestry Assistance Act of 1978 (P.L. 95-313). Its objectives are to increase the Nation's production of sawtimber and pulpwood on nonindustrial, private forest lands; to decrease, over time, expected shortages and rising prices of timber; and to help ensure effective use of available forest lands. Program objectives are met by providing cost-share and technical assistance to landowners to encourage voluntary installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timberstand improvement.

6. Water Bank Program. This program is authorized by the Water Bank Act (P.L. 91-559), enacted December 1970, as amended by P.L. 96-182, enacted January 1980. Its objectives are to conserve surface water; preserve and improve migratory waterfowl and wildlife-related resources; reduce runoff, soil and wind erosion; improve flood control; contribute to improved soil moisture; reduce the acreage of land brought into agricultural production; retire land now in production; enhance landscape aesthetics; and promote comprehensive water management planning. Agreements are entered into with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas for the conservation of specified wetlands.

The agreements are for 10-year periods with provision for renewal for additional periods. Rates are established by the ASC State committee based on prevailing local land values. Payment rates may be adjusted at the beginning of the fifth year of the agreements to reflect current land values.

7. Emergency Conservation Program. This program is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334). Its objective is to restore to normal agricultural use farmlands damaged by wind erosion, hurricane, flood, or other natural disaster and designated as eligible for assistance by ASC county committees. Also included under the program are water conservation and water enhancement practices during periods of severe drought as determined by the ASCS Deputy Administrator for State and County Operations. Up to 64 percent of the cost of carrying out approved practices under this program is shared with farmers.

8. Rural Clean Water Program. This experimental program was authorized by the Agricultural Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528). The program is a cooperative endeavor among farmers, various USDA agencies, and EPA to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. Improved water quality is achieved, in keeping with water quality goals and standards, in a cost effective manner. The program provides 3- to 10-year financial and technical assistance for the installation and maintenance of practices to control water pollution on agricultural lands in selected project areas. Treatment measures for each farm are based on an approved water quality plan. The effectiveness of these practices in reducing pollutants is evaluated.

9. Dairy Indemnity Program. This program was established by section 3 of P.L. 90-484, "An Act to provide indemnity payments to dairy farmers." This law carried out the intent of P.L. 88-452, Economic Opportunity Act of 1964, which originally authorized indemnity payments. The program was extended through September 30, 1990, by section 152 of the Food Security Act of 1985. Under this program, indemnity payments are made to farmers and manufacturers who are directed to remove their milk or milk products from commercial markets because of (1) residues of chemicals that have been registered and approved by the Federal Government, (2) residues of other chemicals and toxic substances, or (3) nuclear fallout. The authority also provides indemnity payments on cows producing such milk.

10. Commodity Credit Corporation Program Activities. Various commodity price support and related programs have been authorized in numerous laws since the early 1930's. Operations under these programs are financed through the Commodity Credit Corporation. Personnel and facilities of the Agricultural Stabilization and Conservation Service are used in the administration of the CCC programs. The Administrator of ASCS is ex-officio Executive Vice President of the Corporation. Additional information on the commodity price support and related activities of the Commodity Credit Corporation is found elsewhere in these Explanatory Notes.

11. Foreign Assistance Program and Other Special Activities. Various surplus disposal programs and other special activities are authorized by law. These laws authorize the use of CCC funds and facilities to implement the programs. Under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended, the Corporation finances the sale of exported agricultural commodities (Titles I and III) and donates commodities to friendly nations in times of famine or other emergencies in order to combat malnutrition (Title II). Funds for these programs are made available to the Corporation for its costs incurred or to be incurred in connection with these activities. Additional information on these programs is found elsewhere in these Explanatory Notes.

12. Other Activities. The Agricultural Stabilization and Conservation Service is responsible for part of the Department's emergency preparedness work. This activity includes defense readiness for food production; domestic distribution of farm machinery, fertilizer, feed, and seed; food processing and storage; and distribution through the wholesale level. ASCS also performs certain services for other Federal agencies and others on an advance or reimbursable payment basis.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Available Funds and Staff-Years
1989 Actual and Estimated 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries & Expenses, ASCS:						
Transfer from Rental Payments..	$381,000	)	$110,000	)	--	)
Transfer from CCC..	619,725,000	)	623,732,000	)	$630,406,000	)
Total, Salaries and Expenses, ASCS.......	620,106,000	2,999	623,842,000	3,048	630,406,000	3,046
Agricultural Conservation Program.........	176,935,000		182,369,000		176,000,000	
Colorado River Basin Salinity Control Program..............	5,452,000		10,341,000		14,783,000	
Conservation Reserve Program..............	1,727,539,000		1,010,978,000		1,878,038,000	
Dairy Indemnity Program..............	5,000		5,000		--	
Forestry Incentives Program..............	12,446,000		12,446,000		12,446,000	
Water Bank Program.....	9,000,000		12,240,000		12,793,000	
Emergency Conservation Program..............	5,000,000		9,927,000		--	
Subtotal, ASCS.....	2,556,483,000	2,999	1,862,148,000	3,048	2,724,466,000	3,046
Obligations under other USDA appropriations..	34,915,000	215	40,401,000	232	35,850,000	225
Total Agriculture and Related Agencies Appropriations.......	2,591,398,000	3,214	1,902,549,000	3,280	2,760,316,000	3,271
Other Federal Funds....	475,000	1	485,000	1	485,000	1
Non-Federal Funds......	42,760,000	80	36,542,000	78	51,998,000	92
Total, Agricultural Stabilization and Conservation Service.	2,634,633,000	3,295	1,939,576,000	3,359	2,812,799,000	3,364

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling....................	3,295	3,359	3,364
Non-ceiling................	62	81	83
Total....................	3,357	3,440	3,447

Note: Staff-years shown do not include staff-years for ASCS county and community committee persons and employees of ASCS county committees who are not Federal employees.

ASCS county employee staff-years are as follows:

FY 1989 - 17,530
FY 1990 - 17,600
FY 1991 - 15,200 a/

a/ County office staff-year estimates for FY 1991 assume continuation of programs and activities under the Food Security Act of 1985. Actual workload activities and county office staffing needs in FY 1991 will be dependent on 1990 Farm Bill provisions.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1989 and Estimated 1990 and 1991

Grade	1989			1990			1991		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES 6	0	0	0	0	0	0	0	0	0
ES 5	3	0	3	3	0	3	3	0	3
ES 4	5	2	7	5	2	7	5	2	7
ES 3	4	0	4	4	0	4	4	0	4
ES 2	3	0	3	3	0	3	3	0	3
ES 1	2	0	2	2	0	2	2	0	2
GS/GM 15	42	29	71	43	30	73	43	30	73
GS/GM 14	79	55	134	80	58	138	80	58	138
GS/GM 13	130	202	332	131	208	339	131	208	339
GS 12	74	602	676	75	614	689	75	616	691
GS 11	47	308	355	48	315	363	48	316	364
GS 10	0	9	9	0	9	9	0	9	9
GS 9	22	178	200	23	181	204	23	181	204
GS 8	7	20	27	7	20	27	7	20	27
GS 7	58	239	297	59	244	303	59	244	303
GS 6	54	111	165	56	133	189	56	133	189
GS 5	40	314	354	41	320	361	41	321	362
GS 4	21	136	157	22	139	161	22	139	161
GS 3	5	28	33	5	28	33	5	28	33
GS 2	6	4	10	6	1	7	6	1	7
GS 1	1	0	1	1	0	1	1	0	1
Ungraded Positions	6	34	40	6	34	40	6	34	40
Total Permanent Positions	609	2,291	2,900	620	2,336	2,956	620	2,340	2,960
Staff-years:									
Ceiling	629	2,666	3,295	651	2,708	3,359	651	2,713	3,364
Non-Ceiling ..	9	53	62	9	72	81	11	72	83
TOTAL	638	2,719	3,357	660	2,780	3,440	662	2,785	3,447

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

CLASSIFICATION BY OBJECTS

Agency Summary

1989 and Estimated 1990 and 1991

Personnel Compensation:	1989	1990	1991
Headquarters	$24,277,000	$25,571,000	$26,474,000
Field	77,579,000	82,905,000	86,349,000
11 Total personnel compensation	101,856,000	108,476,000	112,823,000
12 Personnel Benefits	19,013,000	20,522,000	21,453,000
13 Benefits for former personnel	603,000	625,000	646,000
Total Pers. Comp. and Benefits	121,472,000	129,623,000	134,922,000
Other Objects:			
21 Travel	6,254,000	6,947,000	7,286,000
22 Transportation of things	1,074,000	1,291,000	1,326,000
23.2 Rental payments to others...........	3,507,000	4,873,000	5,105,000
23.3 Communications, utilities, and misc. charges.......	14,626,000	22,471,000	24,973,000
24 Printing and reproduction	2,854,000	3,123,000	3,374,000
25 Other services	53,416,000	35,056,000	27,363,000
26 Supplies and materials	5,401,000	6,860,000	7,544,000
31 Equipment	1,127,000	1,472,000	1,479,000
41 Grants, subsidies, and contributions ..	2,078,316,000	2,539,395,000	2,975,011,000
42 Insurance claims and indemnities	29,000	14,000	19,000
43 Interest and dividends	6,000	9,000	10,000
44 Refunds	52,000	55,000	55,000
Total other objects.......	2,166,662,000	2,621,566,000	3,053,545,000
Total obligations...........	2,288,134,000	2,751,189,000	3,188,467,000
Position Data:			
Average Salary, ES positions	74,895	77,611	97,072
Average Salary, GS/GM positions	31,910	33,059	34,216
Average Grade, GS/GM positions	9.50	9.55	9.55

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses (Including Transfers of Funds):

> For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.); sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q); sections 1001 to 1004, 1006 to 1008, and 1010 of the Agricultural Act of 1970 as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501 to 1504, 1506 to 1508, and 1510); the Water Bank Act, as amended (16 U.S.C. 1301-1311); the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101); sections 202(c) and 205 of title II of the Colorado River Basin Salinity Control Act of 1974, as amended (43 U.S.C. 1592(c), 1595); sections 401, 402, and 404 to 406 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 to 2205); the United States Warehouse Act, as amended (7 U.S.C. 241-273); and laws pertaining to the Commodity Credit Corporation, not to exceed [$632,588,000] $630,406,000, to be derived by transfer from the Commodity Credit Corporation fund: Provided, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this account: Provided further, That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $100,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That no part of the funds made available under this Act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

Agricultural Stabilization and Conservation Service

SALARIES AND EXPENSES

	Direct Appropriation	Transfer from Commodity Credit Corporation	Total
Appropriation Act, 1990..........	--	$632,588,000	$632,588,000
Budget Estimate, 1991............	--	630,406,000	630,406,000
Decrease in Transfers............	--	-2,182,000	-2,182,000
Adjustments in 1990			
Appropriation Act, 1990........	--	632,588,000	632,588,000
Transfer from Rental Payments a/.	+$110,000	--	+110,000
Gramm-Rudman-Hollings Reduction (P.L. 99-177)......	--	-8,856,000	-8,856,000
Adjusted base for 1990.....	110,000	623,732,000	623,842,000
Budget Estimate, 1991............	--	630,406,000	630,406,000
Change from adjusted 1990........	-110,000	+6,674,000	+6,564,000

a/ Reflects transfer to ASCS from Rental Payments as a result of ASCS State Offices moving to non-GSA space.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation and CCC transfers)

Item of Change	1990 Estimated	Pay Cost	1991 Estimated
Salaries and Expenses	$623,842,000	+$6,564,000	$630,406,000

PROJECT STATEMENT
(On basis of adjusted appropriation and CCC transfers)

	1989 Actual		1990 Estimated			1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Increase	Amount	Staff-Years
1. Program formulation and appraisal....	$22,938,000	111	$23,075,000	113	+$243,000	$23,318,000	113
2. Operation of supply adjustment, conservation and price support programs.........	533,157,000	2,576	536,347,000	2,617	+5,639,000	541,986,000	2,616
3. Inventory management and merchandising.......	63,855,000	308	64,237,000	314	+675,000	64,912,000	313
4. Warehouse examination..	156,000	4	183,000	4	+7,000	190,000	4
Total available or estimate..	620,106,000	2,999	623,842,000	3,048	+6,564,000	630,406,000	3,046
Transfer from CCC transfer authority....	-618,975,000	-2,999	-623,732,000	-3,048			
Portion not drawn down...	-750,000	--	--	--			
Transfer from Rental Payments.........	-381,000	--	-110,000	--			
Total, appropriation	-0-	-0-	-0-	-0-			

JUSTIFICATION OF INCREASES

An overall increase of $6,564,000 in CCC transfer authority for ASCS farm program administration ($623,842,000 available in fiscal year 1990) which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

EXPLANATION OF PROGRAM

The account "Salaries and Expenses, Agricultural Stabilization and Conservation Service" funds the administrative expenses of program administration and other functions assigned to ASCS. The Budget for Salaries and Expenses, ASCS, reflects the transfer of CCC funds used to carry out specific programs. Funds made available to ASCS by other agencies for services associated with various programs are also advanced to and merged with this account. These transfers consolidate all administrative funds used by ASCS into one account, which provides clarity and better management and control of funds. The consolidation facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts.

The activities carried out under this account are as follows:

1. Program formulation and appraisal. The supply adjustment, conservation, and commodity support programs have a major impact on the national and, to a lesser extent, the international economy. This activity provides for the development and constant review of the effectiveness of these programs. It also provides for the analysis of data to formulate more effective programs.

2. Operation of supply adjustment, conservation, and price support programs. This activity includes all functions dealing with the administration of programs carried out through the farmer committee system, including (a) developing program regulations and procedures; (b) holding meetings with employees and producers to discuss new programs or changes in existing programs; (c) collecting and compiling basic data for individual farms; (d) establishing individual farm allotments, bases, and yields; (e) notifying producers of established allotments, bases, and yields; (f) determining farm marketing quotas; (g) handling appeals; (h) conducting referendums and certifying results; (i) accepting farmer certifications and checking compliance; (j) accepting producer applications for participation in commodity price stabilizing programs; (k) issuing marketing cards so that production from the allotted acreage can be marketed without penalty; (l) processing producer requests for conservation cost-sharing and issuing conservation reserve rental payments; (m) processing annual Dairy Termination Program payments and issuing checks; (n) processing commodity, storage facility, and grain reserve loans and repayments and issuing checks; (o) processing disaster, diversion and deficiency payments and issuing checks and commodity certificates; and (p) certifying payment eligibility and monitoring payment limitations.

3. Inventory management and merchandising. This activity includes: (a) overall management of CCC-owned commodities; (b) purchasing commodities; (c) donating commodities; (d) selling commodities (e) processing the redemption of commodity certificates for CCC inventory; and, (f) accounting for loans and commodities.

The foregoing activities serve as administrative support for the following missions of the Department as described previously under Foreign Assistance Programs, Agricultural Stabilization and Conservation Service, and Commodity Credit Corporation, respectively:

- Agricultural exports
- Environmental improvement and resource development and use
- Farm income

4. Warehouse Examination. This activity provides for the examination of warehouses licensed under the U.S. Warehouse Act and non-licensed warehouses storing CCC-owned or pledged commodities. ASCS examiners perform periodic examinations of the facilities and the warehouse records to ensure protection of depositors against potential losses of the stored commodities and to ensure compliance with the U.S. Warehouse Act and any CCC storage agreements.

The following tabulation shows totals in this account for administrative expenses:

Project	1989 Actual	1990 Estimated	1991 Estimated
The obligations are distributed by activities as follows:			
1. Program formulation and appraisal....	$25,580,000	$25,704,000	$26,340,000
2. Operation of supply adjustment, conservation, & price support programs..	594,570,000	597,440,000	612,234,000
3. Inventory management & merchandising.	71,211,000	71,553,000	73,326,000
4. Warehouse examination................	6,145,000	6,573,000	6,839,000
Total..............................	697,506,000	701,270,000	718,739,000
Obligations under direct appropriation and CCC transfers:			
ASCS................................	619,356,000	623,842,000	630,406,000
Obligations under funds from other sources and consolidated with this account	78,150,000	77,428,000	88,333,000
Total..................................	697,506,000	701,270,000	718,739,000

HOW ESTIMATES ARE MADE

Following is a brief description of the process for estimating requirements for Salaries and Expenses, ASCS:

County Offices. A work measurement study is made in approximately 160 counties to determine actual time required to complete units of work by category. Time and units reported by these work measurement counties are used to establish coefficients. Coefficients are then applied to units of work reported by all 2,678 headquarter counties for each category of work in each major program or function. Unmeasured work reflects other activities, less subject to this work measurement technique, which are recorded on an actual workday basis. This determines the normal work-days required for the workload involved in each fiscal year. The workload for each major program or function is shown in Table I and reflects changing program requirements.

The actual obligations for 1989, divided by the actual work-years, determined the average work-year cost for 1989. This cost was revised for 1990 and 1991 to reflect related pay adjustments and for changing workload and personnel requirements.

State, Field, and National Office Costs. Requirements for these offices are determined on the basis of past experience and program workload requirements. Table II reflects volume by major activity for field and national offices.

COMPUTATIONS FOR DEVELOPING
COUNTY OFFICE AND TOTAL COSTS

The computations below include all funds (CCC transfers, user fees, other advances and reimbursements, and transfers from other agencies) available to Salaries and Expenses, ASCS:

Fiscal Year 1989

Normal work-days (Table I)	4,557,840
Work-years for workload programs	17,530 a/
Obligations for workload programs (county offices)	$515,573,000 a/
Obligations for other offices	$181,933,000
Total obligations, fiscal year 1989	$697,506,000

Fiscal Year 1990

Normal work-days (Table I)	4,575,953
Work-year requirements for workload programs	17,600 a/
Obligations for workload programs (county offices)	$497,675,000 a/
Obligations for other offices	$203,595,000
Total estimated obligations, fiscal year 1990	$701,270,000

Fiscal Year 1991

Normal work-days (Table I)	3,952,000
Work-year requirements for workload programs	15,200 a/
Obligations for workload programs (county offices)	$505,283,000 a/
Obligations for other offices	$213,456,000
Total estimated obligations, fiscal year 1991	$718,739,000

a/ The following work-years and funds are included for reimbursable county office workload associated with the Federal Crop Insurance Act of 1980.

	FY 1989		FY 1990		FY 1991	
	Work-Years	Dollars	Work-Years	Dollars	Work-Years	Dollars
FCIC	279	$5,022,000	377	$10,129,000	198	$5,215,000

TABLE I

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
SALARIES AND EXPENSES, ASCS

Normal Work-Days by Program/Function
FY 1989 Actual, FY 1990 Estimated and FY 1991 Projected

Program/Function	FISCAL YEAR 1989 Actual	 1990 Estimated	 1991 Projected
Conservation and Related Programs...........	397,639	400,258	340,332
Wool and Mohair................	16,719	17,859	17,859
Loan Activity.................	295,992	332,873	375,734
Compliance....................	790,286	782,206	671,748
Yields and Bases Establishment.	215,641	389,135	326,709
Commodity Program Payments..................	810,866	686,786	391,801
Basic Farm Records.............	396,944	413,160	413,160
Peanut Quotas and Marketings...	22,768	22,768	22,768
Tobacco Allotments and Marketings.................	69,021	69,021	69,021
Referenda......................	3,906	185	7,000
Administration.................	816,575	912,029	891,748
Committee Elections............	32,924	35,634	39,775
Unmeasured.....................	409,111	212,739	129,517
Measurement Services...........	192,641	188,067	188,067
State and County Office Automation Project.........	14,284	15,236	15,236
Subtotal...................	4,485,317	4,477,956	3,900,475
FCIC and Reinsured Companies...	72,523	97,997	51,525
Total.....................	4,557,840	4,575,953	3,952,000
County Staff Year Equivalent of Normal Workdays............	17,530	17,600	15,200

TABLE II

COMMODITY CREDIT CORPORATION
Summary of Major Program Volume by Commodity
(In thousands)

Item and Commodity	FY 1989 Actual	FY 1990 Estimated	FY 1991 Estimated
1. LOANS MADE			
Upland Cotton (bales)	10,940	2,975	4,300
Corn (bu)	741,515	1,257,998	1,345,000
Grain Sorghum (bu)	41,443	58,200	130,000
Rice, Rough (cwt)	160,765	131,549	148,601
Wheat (bu)	94,125	105,000	138,000
Soybeans (bu)	119,723	300,000	310,000
Other Grains (bu)*	23,185	43,600	33,800
Honey (lb)	176,838	207,674	199,470
ELS Cotton (bales)	20	2	25
2. LOAN COLLATERAL FORFEITURES			
Upland Cotton (bales)	130	30	0
Corn (bu)	278,366	225,146	425,000
Grain Sorghum (bu)	35,012	16,634	26,200
Rice, Rough (cwt)	347	30	0
Wheat (bu)	52,917	90,480	72,035
Soybeans (bu)	507	0	0
Other Grains (bu)*	20,923	4,311	0
Honey (lb)	51,829	31,240	27,065
ELS Cotton (bales)	0	0	0
3. DISPOSITIONS			
Upland Cotton (bales)			
Regular	0	146	0
Certificates	155	19	0
Total	155	155	0
Corn (bu)			
Regular	66,089	48,641	108,260
Certificates	848,326	315,000	256,000
Total	914,415	363,641	364,260
Grain Sorghum (bu)			
Regular	31,902	34,929	30,656
Certificates	159,071	65,400	82,300
Total	190,973	100,329	112,956
Rice, Rough (cwt)			
Regular	2,785	2,681	2,815
Certificates	574	0	0
Total	3,359	2,681	2,815

(continued next page)

TABLE II (continued)

Item and Commodity	FY 1989 Actual	FY 1990 Estimated	FY 1991 Estimated
DISPOSITIONS (cont.)			
Wheat (bu)			
Regular	126,778	84,943	45,656
Certificates	87,980	44,872	4,000
Total	214,758	129,815	49,656
Soybeans (bu)			
Regular	1,990	627	0
Certificates	278	0	0
Total	2,268	627	0
Other Grains (bu)*			
Regular	8,863	500	300
Certificates	65,353	18,220	12,405
Total	74,216	18,720	12,705
Honey (lb)			
Regular	37,783	42,850	42,350
Certificates	(21)	0	0
Total	37,762	42,850	42,350
ELS Cotton (bales)	0	0	0
4. ENDING INVENTORIES			
Upland Cotton (bales)	124	0	0
Corn (bu)	491,901	443,389	632,129
Grain Sorghum (bu)	356,964	289,228	218,550
Rice, Rough (cwt)	3,969	249	131
Wheat (bu)	180,270	151,935	178,314
Soybeans (bu)	627	0	0
Other Grains (bu)*	45,547	36,253	23,548
Honey (lb)	56,870	44,722	28,899
ELS Cotton (bales)	0	0	0

*Includes barley, oats, and rye.

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a nationwide network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditionally hand prepared forms and documents.

Most farm and producer data are currently maintained on county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers.

Through the departmental communications network, summary data is transmitted to ASCS State offices where it is used for program management and oversight purposes. State offices further summarize this information for transmission to the Kansas City Management Office. Some of this accounting and administrative information will be transmitted to Washington Headquarters Management Information Systems (MIS) and Executive Information Systems data bases. These data bases will be designed and maintained as a shared information resource for ASCS and the Foreign Agricultural Service (FAS), and will include information relative to the activities and missions of both agencies. With both foreign and domestic production and supply and demand information provided by the new data bases, agency and departmental policymakers will have immediate access to the latest foreign and domestic commodity market information.

Contractor assistance is being utilized for developing and implementing the processed commodities inventory system, tobacco and cotton automation activities and conversion and improvements of old mainframe systems.

In carrying out the overall long-range plan described above, CCC capital investments totaling $22,259,000 in fiscal year 1991 will be required, as detailed below. Equipment will be purchased under the statutory authority of the Commodity Credit Corporation Charter Act to support the ASCS Information Resources Management Plan.

CCC funding for mission-essential enhancements for the State and County Office Automation Project (SCOAP) equipment are estimated at $10,785,000. Hardware enhancements and related capitalized software for the CCC Computer Facility, including components for headquarter and field offices, are estimated at $1,598,000. The purchase of microcomputers, peripheral devices and software in support of Agricultural Trade offices and Embassies world-wide is estimated at $5,500,000. Cotton automation is estimated at $1,013,000. The remaining $3,363,000 is for the purchase of equipment including software, telephones, and peripherals needed by ASCS in support of IRM objectives and to keep abreast of new technologies and their impact on ASCS.

CONGRESSIONAL DIRECTIVE

In accordance with a Congressional directive requesting that the Explanatory Notes reflect a division between administrative costs for regular conservation programs and all other ASCS activities, the estimated fiscal year 1991 administrative cost for conservation, excluding the Conservation Reserve Program, is $39,388,000.

This cost estimate includes all conservation administrative costs associated with activities previously funded through direct appropriation. For fiscal year 1991, this estimate reflects costs for administering carryover activities as well as new funds for Agricultural Conservation Program activities including water quality initiatives, the Water Bank Program, the Forestry Incentives Programs, and the Colorado River Basin Salinity Control Program.

Agricultural Stabilization and Conservation Service
Salaries and Expenses
Geographic Breakdown of Obligations and Staff-Years
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimate	1991 Estimate
Alabama	$11,232,395	$10,757,653	$10,787,068
Alaska	424,158	424,754	431,721
Arizona	2,027,638	1,968,550	1,981,030
Arkansas	11,550,950	11,048,183	11,075,687
California	6,695,654	6,460,452	6,489,532
Colorado	6,799,670	6,517,945	6,538,338
Connecticut	1,040,265	1,021,938	1,031,725
Delaware	741,676	729,125	736,278
District of Columbia	61,198,774	69,626,855	72,788,686
Florida	5,765,841	5,551,734	5,578,129
Georgia	17,523,919	16,733,935	15,768,518
Hawaii	462,477	459,635	466,342
Idaho	6,649,368	6,414,347	6,443,348
Illinois	27,672,641	26,293,036	26,315,736
Indiana	16,332,191	15,559,421	15,583,286
Iowa	31,758,242	30,152,815	30,176,757
Kansas	22,859,592	21,705,363	21,732,683
Kentucky	15,218,769	14,563,949	14,600,329
Louisiana	8,318,525	8,000,514	8,030,185
Maine	2,140,086	2,083,765	2,098,518
Maryland	2,687,957	2,604,033	2,618,158
Massachusetts	959,012	934,082	941,483
Michigan	13,675,308	13,087,599	13,119,807
Minnesota	21,193,633	20,143,306	20,164,464
Mississippi	12,706,077	12,191,856	12,229,019
Missouri	64,150,837	76,718,797	78,417,784
Montana	9,331,549	8,916,129	8,938,875
Nebraska	23,885,140	22,844,755	22,765,525
Nevada	959,048	934,501	942,188
New Hampshire	930,979	911,403	919,531
New Jersey	1,201,478	1,177,678	1,187,422
New Mexico	3,345,936	3,226,431	3,241,534
New York	7,537,764	7,209,089	7,228,210
North Carolina	17,747,016	16,935,942	16,967,964
North Dakota	17,222,746	16,404,991	16,431,297
Ohio	16,076,897	15,338,002	15,366,282
Oklahoma	12,247,594	11,716,878	11,747,547
Oregon	4,274,380	4,131,408	4,152,458
Pennsylvania	8,856,740	8,471,686	8,493,393
Puerto Rico-Virgin Islands	653,796	717,635	740,189
Rhode Island	309,078	312,452	317,607
South Carolina	7,608,795	7,305,593	7,330,735
South Dakota	14,432,300	13,733,629	13,752,926
Tennessee	14,612,182	13,955,764	13,984,299
Texas	39,753,043	37,898,830	37,964,106
Utah	4,061,358	9,265,463	10,003,118
Vermont	1,326,932	1,288,250	1,297,423
Virginia	10,190,762	9,750,584	9,775,418
Washington	4,854,883	4,670,761	4,689,984
West Virginia	4,677,188	4,683,265	4,699,700
Wisconsin	18,868,678	17,956,025	17,978,576
Wyoming	2,404,183	2,331,216	2,345,077
Total Direct Obligations/Estimates	619,356,000	623,842,000	630,406,000
Undistributed Reimbursements	78,150,000	77,428,000	88,333,000
Total, Available Estimate	$697,506,000	$701,270,000	$718,739,000

SALARIES AND EXPENSES

STATUS OF PROGRAM

The Salaries and Expenses account includes funds to cover expenses of programs administered by, and functions assigned to, the Agricultural Stabilization and Conservation Service (ASCS). The funds comprising this consolidated account in fiscal year 1989 were transfers from the Commodity Credit Corporation (CCC), various advances and reimbursements from other sources including user fees, and transfers from other Governmental accounts.

Responsibility for administration of ASCS farm programs in the field is vested in Agricultural Stabilization and Conservation (ASC) farmer committees. ASC State committees consist of three to five farmer members appointed by the Secretary of Agriculture for a period of one year. ASC county and community committees are elected by farmers who are participating or eligible to participate in any ASCS program.

The Kansas City Commodity Office and Kansas City Management Office have management responsibility for the proper storage, merchandising, and accounting for CCC-owned inventory. They initiate movements of commodities as necessary from local storage points to interior and terminal warehouses. These commodities are eventually sold or otherwise disposed of in accordance with policies established under law.

The principal activities of ASCS include administration and related activities for production adjustment programs, conservation programs, price support programs, disaster and related programs, and warehouse examination programs.

Major ASCS programs and related work volume for fiscal year 1989 are described below.

Acreage Allotments, Poundage Quotas, and Marketing Quotas. In accordance with the provisions of the Agricultural Adjustment Act of 1938 and its later amendments, allotment and marketing quota programs were in effect for the 1989 crop of most types of tobacco, and poundage quotas were in effect for peanuts. No marketing quota or poundage quota program can be put into effect without the approval of at least two-thirds of the producers voting in a national referendum.

The current program for each crop is as follows:

Peanuts - Poundage quotas were approved for the 1986-90 crops.

Burley tobacco - Marketing quotas on a poundage basis were approved for the 1989-91 crops. Poundage quotas have been in effect since 1971.

Flue-cured tobacco - Marketing quotas on a poundage basis and an acreage allotment program were approved for the 1989-91 crops.

Dark air-cured and fire-cured tobacco - Marketing quotas with acreage allotments were approved for the 1988-90 crops.

Sun-cured tobacco - Marketing quotas with acreage allotments were approved for the 1989-91 crops.

Cigar filler and binder tobacco - Marketing quotas with acreage allotments were approved for the 1987-89 crops.

Number of peanut farms with poundage quotas...........	44,403
Number of tobacco farms with allotments..............	423,842

Agricultural Conservation Program. This program is carried out under the authority contained in sections 7 to 16(a), inclusive, 16(f) and 17 of the Soil Conservation and Domestic Allotment Act, as amended. Objectives stated in the Act include (1) restoring and improving soil fertility, (2) reducing erosion caused by wind and water, (3) conserving water on the land, and (4) encouraging energy conservation in farming operations. The program focuses on the highest priority resource problems and the most cost-effective practices for dealing with these problems.

Cost-sharing assistance is made available to farmers and ranchers in the 50 States, Northern Mariana Islands, Guam, Puerto Rico, and the Virgin Islands for carrying out approved soil-building and soil- and water-conserving practices on their farms. Federal assistance generally covers 50-75 percent of the cost of carrying out the practice. The farmer pays the balance of the cost and supplies the labor and management necessary to carry out the practice.

Activities in fiscal year 1989 included:

Number of payment applications	197,217
Number of long-term agreements	12,947
Number of annual agreements	292,090

Feed Grain, Wheat, Cotton and Rice Direct Payment Programs. The main objectives of these programs under provisions of the Food Security Act of 1985 are to provide price and income protection for farmers and to assure consumers an adequate supply of food and fiber at reasonable prices. The 1985 Act, applicable for crop years 1986 through 1990, continues the payment provisions of earlier legislation but with several major changes. Deficiency payments in the 1985 Act have specified target prices set at their maximum levels in 1986 and declining in each year thereafter for the life of the act. This contrasts with earlier legislation in 1981 where target prices rose annually. The 1985 Act also provides discretionary authority to make a new type of payment, a "loan deficiency" payment, to producers who, although eligible, agree to forgo obtaining a loan in return for such payments. As with earlier legislation, authority is continued in the 1985 Act to offer a voluntary paid land diversion program to producers if additional reduction in planted acres is needed. The 1985 Act extends eligibility for disaster payments to peanut, soybean, and sugar producers in addition to wheat, feed grain, cotton, and rice producers if prevented from planting their intended crops due to natural disaster or if Federal crop insurance payments and other Federal aid is found insufficient to alleviate an economic emergency. Payments due under the various programs may be made in cash, in kind from CCC-owned stocks, or in a new form of payment introduced by the 1985 legislation, a negotiable certificate redeemable for CCC-owned commodities.

Activities in fiscal year 1989 included:

Number of commodity bases established	5,364,685
Percent of wheat acreage bases enrolled in program	78.4%
Percent of feed-grain acreage bases enrolled in program	75.5%
Percent of cotton acreage bases enrolled in program	89.1%
Percent of rice acreage bases enrolled in program	94.7%
Number of deficiency and diversion payments made	9,820,003
Dollar value of deficiency and diversion payments made in cash	$5,797,215,702
Dollar value of deficiency and diversion payments made in commodity certificates	$1,971,782,428

Loan and Price Support Program. Support is mandatory for the commodities designated as "basic" in the Agricultural Act of 1949, as amended -- tobacco, peanuts, cotton, wheat, corn, and rice -- and for certain nonbasic commodities -- barley, oats, rye, grain sorghum, honey, sugar, soybeans, seed cotton, milk, and milk products. The Secretary is also authorized, but is not required, to make support available on other nonbasic commodities. Support is available to producers through loans, payments, and purchases. A new provision in the 1985 Act makes marketing loans available to producers of 1986 through 1990 crop rice, honey and upland cotton. Marketing loans allow commodity loan repayments at less than the original loan principal.

Activities under the program include the maintenance and supervision of farmer-held reserves, reinspection of commodities under farm-stored loans, processing of loans and loan repayments, and acquisition of commodities.

Loan and price support program activities in fiscal year 1989 included:

Commodity	Number of Loans	Dollar Value of Loans ($000)
Corn	78,210	$1,259,742
Grain Sorghum	5,685	64,184
Barley	3,784	26,827
Wheat	14,523	187,438
Rice	24,288	1,064,027
Cotton	114,905	2,735,370
Soybeans	37,291	567,421
Tobacco	N/A	40,837
Sugar	320	852,064
Other	14,901	269,641
Total, Above	293,907	$7,067,551

Reinspection of farm-stored loans	697,364
Number of farm-stored loans taken over	28,706
Number of warehouse loans acquired (except cotton)	25,597
Number of farm stored reserve loans	31,895
Number of warehouse-stored reserve loans	19,652
Number of active reserve loans (farm and warehouse)	153,031

Certificate Programs. The 1985 Act authorizes a number of new programs which provide for payments to be made entirely in commodity certificates. These programs include the Targeted Export Assistance and the Export Enhancement programs, designed to maintain and expand export markets for U.S. agricultural commodities and counter unfair trade practices by foreign competitors; the Ethanol Plant Assistance Program to encourage the use of grain in the production of ethanol fuel; and the issuance of marketing certificates to rice producers and cotton warehousemen to increase these commodities' competitiveness in world markets.

In fiscal year 1989, the total CCC value of certificates issued for all purposes, including the above programs, was $2,496,035,000. Commodity certificate activity in fiscal year 1989 included:

Number of Commodity Certificates issued	3,019,802
Number of Commodity Certificates redeemed	4,794,918

Conservation Reserve Program. Section 1231 of the Food Security Act of 1985 requires the Secretary of Agriculture to assist in conserving and improving the nation's soil and water resources by removing from production for a decade or more as much as 45 million acres of highly erodible, marginally productive cropland. Additional program benefits are improving wildlife habitat and reducing production of some commodities currently in surplus. Farmers must reduce aggregate total of crop acreage bases for the contract period based on the ratio of total cropland acreage and the amount subject to Conservation Reserve Program (CRP) contract.

Under the Conservation Reserve Program, farmers sign a 10-year contract with USDA to take eligible land out of annual crop production and put it into perennial grass, wildlife plantings, windbreaks, or trees. USDA agrees to provide annual rental payments, in cash or commodities, at a rate determined through a bid process, and to share half the cost of establishing permanent cover on the land.

Number of Conservation Reserve Program contracts submitted in fiscal year 1989....................	85,904
Number of Conservation Reserve Program contracts accepted in fiscal year 1989....................	61,950
Number of acres entered into reserve during fiscal year 1989 for crop year 1989....................	1,692,502
Number of acres entered into reserve during fiscal year 1989 for crop year 1990	4,098,104
Number of active Conservation Reserve Program contracts..	333,388
Amount of Conservation Reserve Program cost-share payments in fiscal year 1989....................	$182,256,000
Amount of Conservation Reserve Program annual rental payments in fiscal year 1989....................	$1,162,064,000

Wool Act Program. This incentive program, authorized by the National Wool Act of 1954, uses mandatory payments to encourage domestic production of wool and mohair. The Food Security Act of 1985 authorizes extension of the program through December 31, 1990.

Payments on shorn wool and mohair are based on the percent by which the support level exceeds the average return received by all producers. Individual payments are determined by applying this percentage to the producer's net proceeds from the sale of wool or mohair. This method encourages producers to improve the quality and marketing of their wool or mohair, as a better market price earns a higher support payment.

The law also provides for a payment on sales of unshorn lambs. This payment is made at a rate comparable to the shorn wool payment and is designed to encourage the marketing of lambs without shearing the wool.

ASCS county offices receive applications for incentive payments and issue payments to eligible producers.

Number of applications for payment in fiscal year 1989	99,965
Amount of wool and mohair payments..................	$87,817,388

Dairy Termination Program. The Food Security Act of 1985 required the Secretary of Agriculture to operate a milk production termination or "whole-herd buyout" program for an 18-month period beginning April 1, 1986. Under this program, participating producers receive payments from the Commodity Credit Corporation, based on bids submitted to the Secretary in exchange for discontinuing milk production. Producers were required to sell all female dairy cattle for slaughter or export, to have no ownership interest in milk production or dairy cattle for five years, and to ensure that their facilities are not used for milk production purposes during that time.

Producers submitted bids on a per hundredweight basis of their contract base. A producer's contract base was the lower of his marketings during July 1984 - June 1985 or during calendar year 1985. Bids were accepted to end production in three periods: April - August 1986, September 1986 - February 1987, and March - August 1987. Payments totaling about $1.8 billion are being made over a seven-year period covering fiscal years 1986 through 1992.

Number of Dairy Termination Program payments in Fiscal Year 1989	16,157
Amount of Dairy Termination Program payments in Fiscal Year 1989	$167,946,612

Disaster Assistance Acts of 1988 and 1989. The Disaster Assistance Act of 1988 was implemented by P.L. 100-387 on August 11, 1988, to provide assistance for emergency livestock feed, loss of 1987 and 1988 tree seedlings, reestablishment of forage crop on established pasture, other emergency conservation practices, disaster credit for failed or prevented planted acreage, disaster payments for low yield program and non-program crops, retention of certain advance 1988 crop deficiency payments, and other emergency provisions due to drought, hail or excessive moisture in 1988. Crop loss payments and the majority of livestock assistance payments for 1988 crop losses were paid in fiscal year 1989.

The Disaster Assistance Act of 1989 was implemented by P.L. 101-82 on August 14, 1989, to provide disaster payments for low yield crops, assistance for emergency livestock feed, retention of certain advance 1989 crop deficiency payments, cost-share assistance for loss of 1988 and 1989 tree seedlings, and other emergency provisions due to damaging weather or related conditions.

The total payments and benefits a person may receive for crop losses and livestock emergency combined in 1989 may not exceed $100,000. Additionally, livestock emergency benefits may not exceed $50,000 in a calendar year. 1989 crop loss disaster payments will be available to producers with gross annual revenues of less than $2,000,000. For participating program crops, sugar, tobacco, and peanuts payments will be made for losses greater than 40 percent of normal production (35 percent in the case of producers who obtained crop insurance for the 1989 crop). For soybeans and sunflowers payments will be made for losses greater than 45 percent of normal production. For nonparticipating program crops and nonprogram crops payments will be made for losses greater than 50 percent. Payments are calculated by determining the eligible amount of loss and multiplying by the applicable payment rate. The payment rate is 65 percent of the basic rate for the commodity. Payments are being made in generic commodity certificates.

The program activities associated with both Disaster Assistance Acts in fiscal year 1989 included:

Number of applications for Livestock Feed Programs (LFP)	177,505
Number of cost-share assistance payments issued under LFP	130,257
Amount of cost-share assistance payments issued in cash	$525,799,031
Number of Emergency Haying and Grazing requests	302,793
Number of commodities reported on applications for disaster credit	2,021,272
Number of disaster-related farm visits for disaster credit.	216,609
Number of disaster appraisals for Disaster Assistance Program payments and non-program crops	1,673,805
Number of certifications of Crop Insurance for Disaster Assistance	1,826,617
Amount of 1988 Crop Disaster Payments issued in cash	$3,385,649,735
Amount of 1989 Crop Disaster Payments issued in certificates	$17,973,967

Number of applications for the Tree Assistance Program	6,708
Amount of cost-share payments for the Tree Assistance Program issued in cash	$2,172,582
Number of applications for the Forage Assistance Program	8,937
Amount of cost-share payments for the Forage Assistance Program	$4,607,762

The majority of crop loss payments and livestock assistance payments for 1989 crop losses will be paid in fiscal year 1990.

Warehouse Examination Program. The primary objectives of this program are to (1) protect producers and others, including the Commodity Credit Corporation, who store their commodity in public warehouses; (2) assure the integrity of warehouse receipts as documents of title to be used as collateral for loans, and to facilitate trading in interstate commerce of agricultural commodities; and (3) set and maintain a standard for sound warehouse operations.

Under the provisions of the U.S. Warehouse Act, ASCS licenses public warehousemen storing agricultural products; licenses weighers, graders and samplers of such products; and supervises the operations of those licensed to assure compliance with the U.S. Warehouse Act.

Applications for licenses are filed by warehousemen on a voluntary basis. Before licensing, the applicant's storage facilities and operations are examined to determine if they qualify for licensing under the terms of the Act and regulations. After the initial license is issued, the Act provides for examinations of the adequacy of warehouse records, the condition and contents of the warehouse, and audits of the financial records by a public or certified accountant. The licensee is authorized to issue Federal warehouse receipts for products deposited for storage, which are vital instruments in the marketing and financing of farm production.

Warehouse examination services for grain and other warehouses, except cotton, began operating on a user fee basis in fiscal year 1982 according to provisions of the Omnibus Reconciliation Act of 1981. Fees, based on storage capacity, are collected from industry users licensed under the Act and non-licensed users who have storage contracts with CCC.

Licenses, contracts, and examinations in fiscal year 1989 included:

U.S. Warehouse Act Activities	
Number of licenses in effect	1,954
Number of examinations:	
Grain	3,287
Cotton	271
Other	17
Non-Federally Licensed Activities	
Number of contracts in effect	2,770
Number of examinations:	
Grain	2,824

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The.estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

Dairy Indemnity Program

> [For necessary expenses involved in making indemnity payments to dairy farmers for milk or cows producing such milk and manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and in making indemnity payments for milk, or cows producing such milk, at a fair market value to any dairy farmer who is directed to remove his milk from commercial markets because of (1) the presence of products of nuclear radiation or fallout if such contamination is not due to the fault of the farmer, or (2) residues of chemicals or toxic substances not included under the first sentence of the Act of August 13, 1968, as amended (7 U.S.C. 450j), if such chemicals or toxic substances were not used in a manner contrary to applicable regulations or labeling instructions provided at the time of use and the contamination is not due to the fault of the farmer, $5,000: Provided, That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government: Provided further, That this amount shall be transferred to the Commodity Credit Corporation: Provided further, That the Secretary is authorized to utilize the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of making dairy indemnity disbursement.]

The change deletes the appropriation language for the Dairy Indemnity Program since no funds are proposed for fiscal year 1991.

Dairy Indemnity Program

Appropriation Act, 1990	$5,000
Budget Estimate, 1991	--
Decrease in Appropriation	-5,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Indemnity payments to dairy farmers	$5,000	-$5,000	--
Indemnity payments to manufacturers of dairy products	--	--	--
Total Available	5,000	-5,000	--

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Actual	1990 Estimated	Decrease	1991 Estimated
Indemnity payments to dairy farmers and manufacturers	$5,000	$5,000	-$5,000	--
Total, appropriation or estimate	5,000	5,000	-5,000	--

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Indemnity payments to dairy farmers and manufacturers	$230,100	$100,495	-$495	$100,000
Recovery of prior year obligations	-518,158	--	--	--
Unobligated balance brought forward from prior years .	-565,437	-858,495	+95,495	-763,000
Unobligated balance carried forward to next year	858,495	763,000	-100,000	663,000
Total, appropriation or estimate	5,000	5,000	-5,000	--

EXPLANATION OF PROGRAM

The purpose of the Dairy Indemnity Program is to indemnify (a) dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer income losses on milk or milk products removed from commercial markets because of certain chemical residues; and (b) dairy farmers for milk or cows when milk or dairy products are removed from commercial markets because of nuclear radiation, fallout, or other toxic substances.

Section 331 of the Economic Opportunity Act of 1964 authorized the Secretary to make indemnity payments, at fair market value, to farmers who have been directed to remove their milk from commercial markets because it contained residues of chemicals registered and approved by the Federal Government at the time of use. Original authority granted under this section terminated January 31, 1965, but the termination date has been extended ten times. Major legislation extending and modifying the program is summarized as follows:

-- The Agricultural Act of 1970, Public Law 91-524, authorized indemnity payments to manufacturers of dairy products whose products have been removed from the market because they contained residues of chemicals registered and approved by the Federal Government.

-- The Agriculture and Consumer Protection Act of 1973, Public Law 93-86, extended the authority for dairy indemnity payments to June 30, 1977. The Act also authorized indemnity payments for dairy cows producing milk contaminated with pesticide residues.

-- The Food and Agriculture Act of 1977, which extended the Dairy Indemnity Program to September 30, 1981, also authorized indemnity payments for milk, or cows producing milk, that must be removed from commercial markets as a result of chemical residues not previously included, nuclear radiation, or fallout.

-- The Agriculture and Food Act of 1981 extended authority for the Dairy Indemnity Program through September 30, 1985.

-- The Food Security Act of 1985 extended authority for the Dairy Indemnity Program through September 30, 1990.

-- Use of Commodity Credit Corporation services and facilities was authorized under Public Law 99-349, the fiscal year 1986 Urgent Supplemental Appropriations Act, and under the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1988. This authority has been continued under subsequent appropriation acts.

-- Dairy Indemnity Program funds were made available until expended under Section 608, General Provisions, of Public Law 99-190, the Continuing Resolution for fiscal year 1986, and has been continued in subsequent appropriation acts.

During fiscal year 1990, an estimated $100,495 will be obligated for payment of claims filed by dairy producers under the program. In fiscal year 1991 sufficient funds will be available to cover expected claims during a normal year of operation.

JUSTIFICATION OF DECREASE

A decrease of $5,000 for indemnity payments to dairy farmers ($5,000 available in fiscal year 1990).

Need for Change. It is estimated that funds currently available will be sufficient to satisfy anticipated claims; therefore, no additional funds are requested in the fiscal year 1991 budget.

Nature of Change. No new funding for indemnity payments to dairy farmers and manufacturers of dairy products is requested in fiscal year 1991 since sufficient carryover funds are expected to be available.

The following table shows the geographic breakdown of obligations for fiscal years 1989-91.

Dairy Indemnity Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	$1,272	--	--
Georgia	3,437	--	--
Illinois	42,552	--	--
Indiana	4,207	--	--
Iowa	20,200	$2,082	--
Missouri	4,859	--	--
Nebraska	1,114	2,539	--
Oklahoma	11,013	--	--
South Dakota	--	985	--
Texas	139,485	25,000	--
Virginia	1,166	--	--
Wisconsin	795	1,000	--
Undistributed	--	68,889	$100,000
Total, Available or Estimate	$230,100	$100,495	$100,000

DAIRY INDEMNITY PROGRAM

STATUS OF PROGRAM

Current Activities: During fiscal year 1989, 106 dairy farmers in 11 States filed claims totaling $287,910 under the Dairy Indemnity Program. These farmers' claims resulted from losses incurred due mostly to aflatoxin contamination and various other contaminants discovered in their cattle's milk. As of September 30, 1989, a total of $230,101 had been paid to producers under the program.

In fiscal year 1989, 44 dairy producers from the States of Arkansas, Missouri, and Oklahoma returned payments totaling $518,158 to the Dairy Indemnity Program (DIP). These payments had originally been made to dairy producers during FY 1986 and 1987 for losses caused by heptachlor contamination and were returned in accordance with an agreement between the Department of Agriculture and attorneys for the producers. Program regulations require producers to reimburse DIP payments if their losses are restored through other means such as litigation or insurance. These funds were deposited into the DIP no-year account and will be available for future allocation to States as needed for program purposes.

Payments to dairy farmers for approved claims from inception of the program in fiscal year 1965 through fiscal year 1989 total $16.1 million.

The provision for making indemnity payments to manufacturers of dairy products became effective on November 30, 1970. Since that time, 20 manufacturers have received indemnity payments totaling $3.9 million.

The following tables show (a) payments and number of payees during fiscal years 1965 through 1989, and (b) outlays by State during fiscal year 1989.

Dairy Indemnity Program
Payments and Number of Payees
Fiscal Years 1965-1989

Fiscal Year	Payments to Dairy Farmers	Payments to Manuf. of Dairy Prod.	Total Payments	Number of Payees
1965	$349,933	--	$349,933	135
1966	214,459	--	214,459	60
1967	166,466	--	166,466	110
1968	264,128	--	264,128	35
1969	136,571	--	136,571	20
1970	125,520	--	125,520	35
1971	164,474	--	164,474	23
1972	46,082	$15,500	61,582	4
1973	36,553	94,666	131,219	6
1974	144,477	31,261	175,738	21
1975	193,389	--	193,389	26
1976 a/	159,289	--	159,289	19
1977	40,284	--	40,284	8
1978	66,266	9,210	75,476	12
1979	64,267	--	64,267	13
1980	91,575	--	91,575	9
1981	42,231	--	42,231	15
1982	15,087	--	15,087	5
1983	6,121,374	--	6,121,374	18
1984	2,043,010	398,910	2,441,920	22
1985	50,070	--	50,070	5
1986	15	--	15	10
1987	4,871,724	3,361,892	8,233,616 b/	131
1988	449,543	--	449,543	4
1989	230,101	--	230,101	106
Total	$16,086,888	$3,911,439	$19,998,327	852

a/ Includes transition quarter.

b/ Includes payments totaling $2,264,172 that were issued to producers and manufacturers in fiscal year 1986 but not reported to the National level and Treasury in time to appear as outlays in fiscal year 1986.

Dairy Indemnity Program

FY 1989 Outlays by State

State	Payments
Alabama	$1,272
Georgia	3,437
Illinois	42,552
Indiana	4,207
Iowa	20,200
Missouri	4,859
Nebraska	1,114
Oklahoma	11,013
Texas	139,486
Virginia	1,166
Wisconsin	795
Subtotal, State payments	$230,101
Contamination Testing	263,000
Total Gross outlays	$493,101 a/

a/ Gross outlays of $493,101 were offset by recoveries of $518,158 received during FY 1989 and by -$70,044 in accounting adjustments for a net outlay of -$95,103 for the year.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Conservation Program

For necessary expenses to carry into effect the program authorized in sections 7
to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act
approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o,
1 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the
Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act
2 of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510[)]), and including not to exceed
$15,000 for the preparation and display of exhibits, including such displays at
State, interstate, and international fairs within the United States,
3 [$184,935,000] $176,000,000, to remain available until expended [(16 U.S.C. 590o)]
for agreements, excluding administration but including technical assistance and
related expenses, except that no participant in the Agricultural Conservation
Program shall receive more than $3,500 per year, except where the participants
from two or more farms or ranches join to carry out approved practices designed to
conserve or improve the agricultural resources of the community, or where a
participant has a long-term agreement, in which case the total payment shall not
exceed the annual payment limitation multiplied by the number of years of the
agreement: Provided, That no portion of the funds for the current year's program
may be utilized to provide financial or technical assistance for drainage on
wetlands now designated as Wetlands Types 3 (III) through 20 (XX) in United States
Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United
States, 1956: Provided further, That such amounts shall be available for the
purchase of seeds, fertilizers, lime, trees, or any other conservation materials,
or any soil-terracing services, and making grants thereof to agricultural
producers to aid them in carrying out approved farming practices as authorized by
the Soil Conservation and Domestic Allotment Act, as amended, as determined and
recommended by the county committees, approved by the State committees and the
Secretary, under programs provided for herein: Provided further, That such
assistance will not be used for carrying out measures and practices that are
primarily production-oriented or that have little or no conservation or pollution
abatement benefits: Provided further, That not to exceed 5 per centum of the
allocation for the current year's program for any county may, on the
recommendation of such county committee and approval of the State committee,
be withheld and allotted to the Soil Conservation Service for services of its
technicians in formulating and carrying out the Agricultural Conservation
Program in the participating counties, and shall not be utilized by the Soil
Conservation Service for any purpose other than technical and other assistance in
such counties, and in addition, on the recommendation of such county committee and
approval of the State committee, not to exceed 1 per centum may be made available
to any other Federal, State, or local public agency for the same purpose and under
the same conditions: Provided further, That for the current year's program
$2,500,000 shall be available for technical assistance in formulating and carrying
out rural environmental practices: Provided further, That no part of any funds
available to the Department, or any bureau, office, corporation, or other agency
constituting a part of such Department, shall be used in the current fiscal year
for the payment of salary or travel expenses of any person who has been convicted
of violating the Act entitled "An Act to prevent pernicious political
activities" approved August 2, 1939, as amended, or who has been found in
accordance with the provisions of title 18 U.S.C. 1913 to have violated or
attempted to violate such section which prohibits the use of Federal
appropriations for the payment of personal services or other expenses
designed to influence in any manner a Member of Congress to favor or oppose
any legislation or appropriation by Congress except upon request of any
Member or through the proper official channels.

The first change is a grammatical change to enclose the United States Code citation.

The second change is a grammatical change to delete a superfluous parenthesis.

The third change is to delete a United States Code citation already included in the language.

Agricultural Conservation Program

Appropriation Act, 1990	$184,935,000
Budget Estimate, 1991	176,000,000
Decrease in Appropriation	-8,935,000

Adjustments in 1990		
Appropriation Act, 1990	$184,935,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-2,566,000	
Adjusted base for 1990		182,369,000
Budget estimate, 1991		176,000,000
Decrease from adjusted 1990		-6,369,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Cost-sharing and technical, assistance to farmers	$182,369,000	-$6,369,000	$176,000,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1989 Actual	1990 Estimated	Decrease	1991 Estimated
Cost-sharing and technical assistance to farmers	$176,935,000	$182,369,000	-$6,369,000	$176,000,000
Total, available or estimate	176,935,000	182,369,000	-6,369,000	176,000,000
Gramm-Rudman-Hollings reduction	--	2,566,000		
Total, appropriation	176,935,000	184,935,000		

PROJECT STATEMENT
(On basis of available funds)

	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Cost-sharing and technical assistance to farmers	$184,114,485	$226,837,125	-$50,837,125	$176,000,000
Recovery of prior year obligations	-103,703	--	--	--
Unobligated balance brought forward from prior years..	-51,543,907	-44,468,125	+44,468,125	--
Unobligated balance carried forward to next year......	44,468,125	--	--	--
Total available or estimate	176,935,000	182,369,000	-5,369,000	176,000,000

EXPLANATION OF PROGRAM

The Agricultural Conservation Program (ACP) is authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act of 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510).

The purpose of the Agricultural Conservation Program (ACP) is to provide financial assistance to agricultural producers to help solve a wide range of agricultural conservation and environmental problems that, if not addressed, would reduce the productive capacity of the nation's land and water resources or cause degradation of environmental quality. Program activities include prevention of soil loss, conservation of scarce water supplies, improvement of water quality, conservation of forest and wildlife resources, and pollution abatement. Technical assistance is provided by the Soil Conservation Service (SCS), Forest Service (FS), and Extension Service (ES).

In contrast to the Conservation Reserve Program, which removes highly erodible land from production, the ACP makes available a wide variety of practices to address the soil and water conservation needs of land that remains in production, in addition to addressing other environmental concerns such as water quality.

The ACP is administered by ASCS through the farmer-elected committee system. The program is a joint effort by Government and landowners to restore and protect basic land and water resources. Objectives include helping to ensure a continuous, adequate supply of food and fiber; improving water quality in rural America; facilitating resource management systems; and achieving national priorities reflected in the National Environmental Policy Act of 1969, the 1982 National Program for Soil and Water Conservation, and related Resources Conservation Act Appraisal updates.

1990 Program

1. Program Direction. The 1990 ACP will be directed toward congressional and executive objectives through continued emphasis on specific enduring practices to solve the most critical conservation problems and to meet water quality goals. Treatment of farmland, rangeland, and pastureland eroding at greater than the soil loss tolerance (T) will be of primary concern.

   -- Annual Agreements. $138.445 million will be earmarked for cost-sharing of annual agreements and will be allocated to the States for this purpose.

   -- Long-Term Agreements. $20 million will be allocated to the States specifically for this purpose. States also have the option of using annual agreement funds for long-term agreements.

- -- Variable Cost-Share Level Project. Under this program, cost-share levels are established for erosion control practices on the basis of the severity of the erosion problem and the amount of soil saved. In fiscal year 1989 a total of 391 counties participated in this voluntary project. Results indicate that there are improvements in the cost effectiveness of practices applied under the program. Based on these results, $2 million will be allocated to continue the program in fiscal year 1990.

- -- Water Quality Projects. Approximately $20.1 million will be available to fund priority water quality initiatives including $900,000 for eight USDA demonstration projects and $7.1 million for 37 USDA nonpoint source hyrdrologic units. Also, $12.1 million will be available for cost-sharing for ACP practices in special State water quality projects that will produce water quality benefits.

- -- Method of Allocation. In accordance with administrative policy, the proportionate share of funds allocated to any State for annual agreements will not be reduced more than one percent from the fiscal year 1989 distribution. Distribution to the States will be made according to their conservation needs, as determined by the Secretary.

- -- Technical Assistance. $1.824 million is available to the Forest Service for technical assistance relating to forestry practices.

2. Program Development. State and county programs are developed through a process whereby county committees submit recommendations through the State committees to the Secretary. Practices available to a county committee include all those previously approved by the Secretary plus any other practice that a county committee considers necessary to solve a local conservation problem and that is approved by the State committee and the Secretary or his designee.

3. Practices. The 1990 ACP will encourage cost effective practices such as vegetative cover, terraces, and sod waterways, which result in significant conservation of soil and water, improved water quality, or other improvements in the environment.

   Practices that are not enduring or do not provide enduring benefits will not be a part of the program. Other practices excluded from the national program include practices that are primarily production oriented.

JUSTIFICATION OF DECREASE

A decrease of $6,369,000 for cost-share assistance to agricultural producers ($132,369,000 available in fiscal year 1990).

Need for Change. The fiscal year 1991 ACP, in line with the recent National Program for Soil and Water Conservation appraisal, will emphasize soil conservation on farmland, rangeland, and pastureland. The requested funding level of $176 million will address priority traditional soil and water conservation measures and will support the Administration's water quality initiative at an increased level.

At the requested level of $176 million, conservation practices on a total of 7.3 million acres would prevent approximately 37.9 million tons of soil erosion and save 466,000 acre-feet of water. Other conservation needs such as water quality improvement, forest and rangeland improvement, and wildlife habitat preservation will be addressed.

Nature of Change. The requested level of $176 million would fund the following:

-- Water Quality Projects. $23 million will be allocated to States for water quality projects in line with the Administration's high priority initiative.

  - $1.8 million for USDA national demonstration projects. Eight additional projects will be initiated, for a total of 16 during fiscal year 1991. Projects will demonstrate the potential to achieve area-wide improvement in water quality through adoption of alternative tillage systems, crop rotations, harvesting techniques, and conservation management systems. ASCS will collaborate in the development and implementation of a coordinated operational plan that includes financial incentives, education, technical assistance, and economic evaluation. ASCS will provide financial incentives through cost-sharing with farmers to accelerate implementation of practices to reduce contamination of ground-water from agricultural chemicals.

  - $7.1 million for USDA nonpoint source hydrologic units. Thirty-seven additional units are planned, for a total of 74 during fiscal year 1991. The hydrologic units will be selected based on consideration given to the magnitude of the water quality problem, the type or types of impairment, its solvability, and resources needed. Coordination with nonpoint source water quality planning by State, local, and other Federal agencies will be incorporated into the process. ASCS will provide financial incentives through cost-sharing with farmers to achieve water quality improvements within each hydrologic unit.

  - $14.1 million for ACP special water quality projects. These projects also focus on water quality problems identified by State and local water quality planning agencies. However, the commitment is for a shorter period of time and the comprehensive planning with other USDA agencies is not a requirement.

-- Annual Agreements. Approximately $129.2 million will be allocated to States for annual practices with lasting conservation benefits.

-- Long-Term Agreements. $20 million will be allocated to States to involve farmers in the multi-year planning approach to conservation benefits.

-- Variable Cost-Share Level Project. $2 million will be earmarked for counties to again participate in this project, which bases cost-share payment levels on the amount of erosion reduction achieved.

-- Technical Assistance. Approximately $1.8 million will be available for technical assistance provided by Forest Service.

The following tables show (a) outlays for fiscal year 1989 and (b) geographic breakdown of obligations for fiscal years 1989-1991.

Agricultural Conservation Program
Fiscal Year 1989 Outlays by State

State	Outlays
Alabama	$4,574,834
Alaska	221,237
Arizona	2,089,351
Arkansas	5,009,092
California	5,545,509
Colorado	5,592,405
Connecticut	314,672
Delaware	269,143
Florida	3,802,109
Georgia	5,287,980
Guam	3,000
Hawaii	199,913
Idaho	3,748,039
Illinois	6,663,816
Indiana	3,443,706
Iowa	7,297,871
Kansas	5,285,524
Kentucky	4,697,376
Louisiana	3,464,503
Maine	2,370,086
Maryland	972,527
Massachusetts	482,034
Michigan	4,653,348
Minnesota	4,401,563
Mississippi	4,910,812
Missouri	7,523,953
Montana	5,452,142
Nebraska	5,148,135
Nevada	875,675
New Hampshire	649,515
New Jersey	564,927
New Mexico	2,347,463
New York	4,683,432
North Carolina	4,250,716
North Dakota	4,343,921
N. Mariana Islands	0
Ohio	3,665,013
Oklahoma	4,090,964
Oregon	3,671,326
Pennsylvania	4,097,996
Puerto Rico	617,951
Rhode Island	52,908
South Carolina	2,774,134
South Dakota	4,087,429
Tennessee	3,684,676
Texas	16,703,657
Utah	3,200,390
Vermont	1,102,858
Virginia	3,687,586
Virgin Islands	11,179
Washington	4,155,720
West Virginia	2,358,235
Wisconsin	3,640,303
Wyoming	2,250,540
Undistributed	-1,009
ASCS Subtotal (Includes SCS Tech. Assistance)	185,082,185
FS Technical Assistance	3,533,312
TOTAL	$188,615,497

Agricultural Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	$5,682,159	$5,205,527	4,303,000
Alaska	222,059	914,132	205,000
Arizona	2,031,442	2,353,023	1,526,000
Arkansas	5,590,782	4,426,008	3,857,000
California	4,556,359	5,919,722	4,180,000
Colorado	4,167,559	4,205,415	3,364,000
Connecticut	460,101	323,357	301,000
Delaware	242,444	276,958	163,000
Florida	4,063,630	4,308,383	3,183,000
Georgia	4,959,338	5,684,008	4,639,000
Guam	30,210	64,356	27,000
Hawaii	101,045	1,297,424	445,000
Idaho	3,508,068	3,211,897	2,917,000
Illinois	6,357,967	6,102,128	5,425,000
Indiana	3,725,930	4,785,233	2,958,000
Iowa	6,353,828	6,282,381	5,181,000
Kansas	5,069,411	5,589,008	4,479,000
Kentucky	4,978,520	4,351,169	3,805,000
Louisiana	3,397,042	4,263,214	2,962,000
Maine	2,853,344	2,666,843	1,997,000
Maryland	948,583	1,006,552	707,000
Massachusetts	473,677	534,737	420,000
Michigan	3,970,203	5,292,061	4,051,000
Minnesota	4,739,489	11,578,978	5,369,000
Mississippi	5,891,526	4,828,119	4,380,000
Missouri	7,256,001	8,090,612	6,167,000
Montana	4,041,003	4,437,229	3,632,000
Nebraska	4,042,812	4,574,659	3,728,000
Nevada	776,122	753,113	677,000
New Hampshire	794,389	608,807	475,000
New Jersey	545,035	782,062	482,000
New Mexico	2,289,956	2,933,872	1,830,000
New York	5,065,046	4,736,335	3,781,000
North Carolina	4,270,072	4,156,103	3,589,000
North Dakota	3,605,303	4,355,536	2,834,000
N. Mariana Islands	-687	89,950	27,000
Ohio	4,174,223	4,451,519	3,456,000
Oklahoma	4,163,596	4,178,874	3,319,000
Oregon	3,758,389	3,751,374	3,017,000
Pennsylvania	4,974,114	4,680,410	3,606,000
Puerto Rico	535,782	544,166	431,000
Rhode Island	101,515	58,474	54,000
South Carolina	2,764,533	2,467,612	2,012,000
South Dakota	2,991,401	2,760,280	2,254,000
Tennessee	3,344,770	4,482,665	2,921,000
Texas	14,888,534	19,677,725	13,896,000
Utah	2,217,449	2,019,517	1,549,000
Vermont	2,087,554	1,995,448	939,000
Virginia	3,650,181	2,994,347	2,711,000
Virgin Islands	1,862	53,346	19,000
Washington	5,142,006	6,080,691	3,733,000
West Virginia	2,253,899	1,911,516	1,672,000
Wisconsin	4,454,222	8,368,262	4,198,000
Wyoming	1,560,280	1,791,037	1,383,000
Undistributed	--	21,756,942 1/	25,000,000 1/
ASCS Subtotal (Includes SCS Tech. Assistance)	180,124,078	225,013,125	174,240,000
FS Technical Assistance	3,990,407	1,824,000	1,760,000
Total, Available or Estimate	$184,114,485	$226,837,125	$176,000,000

1/ Includes allocations to be issued for water quality and variable cost-share projects, and the national reserve.

AGRICULTURAL CONSERVATION PROGRAM

STATUS OF PROGRAM

Current Activities: Cost sharing is authorized in agricultural counties in all 50 States, Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands. In line with the recent National Program for Soil and Water Conservation appraisal, the fiscal year 1989 ACP emphasized:

-- Soil Conservation on farmland, rangeland, and pastureland eroding at an annual rate in excess of the soil loss tolerance (T) level. It is estimated that 4.3 billion tons of soil erode annually at a rate that exceeds "T".

-- Water Conservation on cropland and pastureland in need of treatment for irrigation management. Based on 1982 National Resource inventory data, approximately 18.8 million acres of cropland and pastureland are in need of treatment or irrigation water management.

-- Other Objectives such as improvement of water quality, forest and rangeland improvement, and wildlife habitat preservation. In meeting these objectives, some additional soil and water conservation benefits not included in the soil and water conservation categories are achieved.

Twenty-seven separately identified practices were authorized in the National program and 13 at the local level to assist in solving critical soil and water conservation problems.

Approximately 140,000 farmers, ranchers, and woodland owners participated in the program in fiscal year 1988 by carrying out practices that help solve soil and water conservation problems identified in State and county ACP plans.

Selected Examples of Recent Progress:

-- Annual Agreements. During fiscal year 1989, $140,134,000 was allocated to States for annual practices with lasting conservation benefits.

-- Long-Term Agreements. To involve more farmers in the multi-year planning approach to conservation problem solving, $20 million was allocated for 3- to 10-year agreements.

-- Water Quality Projects. In fiscal year 1989, $11,717,366 was allocated for ACP water quality special projects. Every county in the Nation had the opportunity to submit a request for a special water quality project. A total of 42 projects were approved in 29 States and Puerto Rico to achieve water quality benefits in support of the President's initiative on protecting water quality from agricultural and other rural nonpoint sources of contamination.

-- Variable Cost-Share Level Project. This project was operated by counties on a voluntary basis to achieve greater land conservation at a reduced or equivalent cost, by relating cost-share levels to the amount of erosion reduction achieved. A variable cost-share level was used only for practices that would solve an erosion problem for which soil loss could be calculated. Three hundred ninety-one ASC county committees volunteered to participate in the variable cost-share level effort in 1989. A special allocation of $1,998,000 was made to those counties that volunteered for the project.

The tables and graphs that follow show (a) the extent to which practices were performed in 1988 and the period 1936-1988, (b) ACP allocations for fiscal year 1989, (c) ACP accomplishments for fiscal years 1987 and 1988, and (d) the number of participating farms and average payment per farm in program years 1978-1988, based on the following farm definitions:

- Prior to 1979, a farm was defined as a place of 10 or more acres having sales of agricultural products of $50 or more, or places of fewer than 10 acres that had annual sales of $250 or more.
- From 1979-1981, a farm was defined as a place having sales of agricultural products of $1,000 or more.
- Starting in 1982, a farm is defined as a place that sells or could sell $1,000 of agricultural products during the year.

Agricultural Conservation Program

Practices Performed in 1988 and Total Accomplishments 1936-1988

Practice	Unit	Extent under 1988 program	Total Accomplishments 1936-1988
Water impoundment reservoirs constructed to reduce erosion, distribute grazing, conserve vegetative cover and wildlife, or provide fire protection and other agricultural uses..................	1,000 structures	21	2,605
Terraces constructed to reduce erosion, conserve water, or prevent or abate pollution.................	1,000 acres	964	40,945
Stripcropping systems established to reduce wind or water erosion or to prevent or abate pollution......	1,000 acres	139	116,200
Trees or shrubs planted for forestry purposes, erosion control or environmental enhancement..........	1,000 acres	252	8,970
Forest tree stands improved for forestry purposes or environmental enhancement.........................	1,000 acres	38	5,239
Wildlife conservation................	1,000 acres	48	14,946 1/
Sediment pollution-abatement structures or runoff control measures............................	1,000 acres	474	21,739 2/
Conservation tillage including reduced tillage and no-till........	1,000 acres	445	6,751 3/

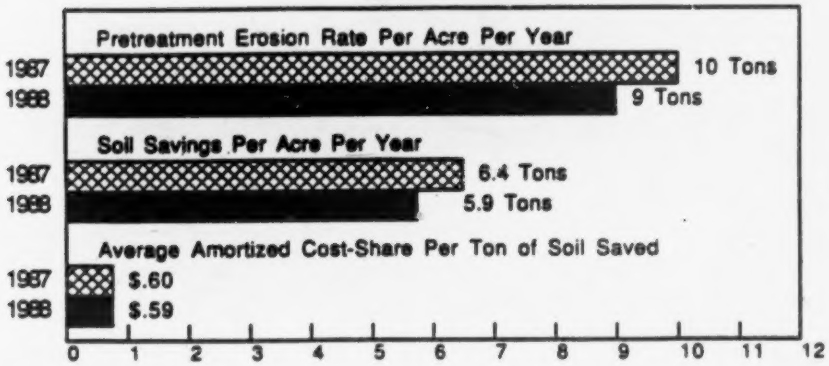
1/ From 1962 with certain data estimated.
2/ From 1970.
3/ From 1973.

AGRICULTURAL CONSERVATION PROGRAM
FY 1989 ALLOCATIONS

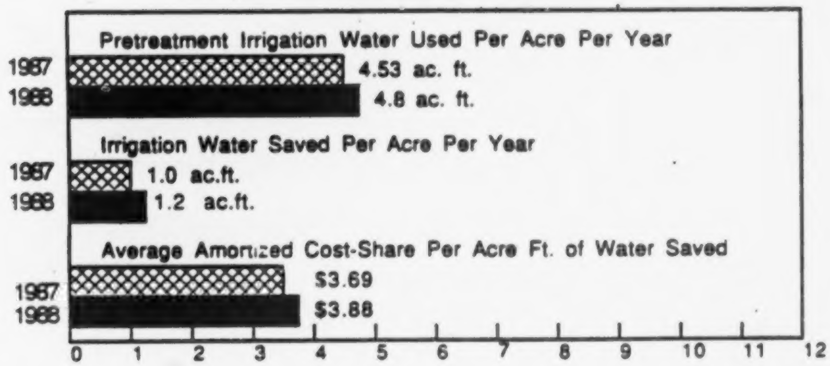
	Regular Annuals	Water Quality	Naval Stores	VC/SL	Total Annuals	LTA	FY 1989 Allocations
Alabama	4,059,000	625,000		15,000	4,699,000	580,000	5,279,000
Alaska	10,000	0		0	10,000	0	10,000
Arizona	1,380,000	0		0	1,380,000	197,000	1,577,000
Arkansas	3,962,000	1,042,500		151,000	5,155,500	526,000	5,681,500
California	3,898,000	0		2,000	3,900,000	557,000	4,457,000
Colorado	3,136,000	0		0	3,136,000	449,000	3,585,000
Connecticut	281,000	125,000		0	406,000	40,000	446,000
Delaware	155,000	165,000		0	320,000	22,000	342,000
Florida	2,974,000	0		37,000	3,011,000	425,000	3,436,000
Georgia	4,621,000	0	100,000	6,000	4,727,000	613,000	5,340,000
Guam	50,000	0		0	50,000	0	50,000
Hawaii	407,000	0		0	407,000	58,000	465,000
Idaho	2,996,000	50,000		42,000	3,088,000	397,000	3,485,000
Illinois	5,572,000	0		71,000	5,643,000	739,000	6,382,000
Indiana	2,805,000	57,400		262,000	3,124,400	401,000	3,525,400
Iowa	4,847,000	396,500		0	5,243,500	692,000	5,935,500
Kansas	4,209,000	0		0	4,209,000	602,000	4,811,000
Kentucky	3,908,000	500,000		55,000	4,463,000	519,000	4,982,000
Louisiana	2,789,000	1,100,000		0	3,889,000	399,000	4,288,000
Maine	1,863,000	833,000		0	2,696,000	267,000	2,963,000
Maryland	671,000	225,100		32,000	928,100	96,000	1,024,100
Massachusetts	394,000	0		6,000	400,000	57,000	457,000
Michigan	3,842,000	0		9,000	3,851,000	552,000	4,403,000
Minnesota	2,504,000	264,000		5,000	2,773,000	716,000	3,489,000
Mississippi	4,499,000	327,500		132,000	4,958,500	597,000	5,555,500
Missouri	5,772,000	0		135,000	5,907,000	825,000	6,732,000
Montana	3,292,000	173,600		7,000	3,472,600	470,000	3,942,600
Nebraska	3,534,000	59,302		43,000	3,636,302	505,000	4,141,302
Nevada	694,000	0		0	694,000	93,000	787,000
New Hampshire	436,000	0		0	436,000	62,000	498,000
New Jersey	457,000	0		0	457,000	65,000	522,000
New Mexico	1,707,000	0		0	1,707,000	244,000	1,951,000
New York	3,558,000	965,904		94,000	4,617,904	508,000	5,125,904
North Carolina	3,686,000	70,000		25,000	3,781,000	486,000	4,267,000
North Dakota	2,599,000	0		0	2,599,000	371,000	2,970,000
N. Mariana I.	50,000	0		0	50,000	0	50,000
Ohio	3,278,000	274,000		6,000	3,558,000	470,000	4,028,000
Oklahoma	3,148,000	0		76,000	3,224,000	450,000	3,674,000
Oregon	2,820,000	302,200		14,000	3,136,200	403,000	3,539,200
Pennsylvania	3,378,000	33,000		0	3,411,000	483,000	3,894,000
Puerto Rico	443,000	45,000		0	488,000	58,000	546,000
Rhode Island	50,000	0		0	50,000	7,000	57,000
South Carolina	1,908,000	339,560		23,000	2,270,560	273,000	2,543,560
South Dakota	2,060,000	0		0	2,060,000	295,000	2,355,000
Tennessee	2,751,000	402,300		294,000	3,447,300	393,000	3,840,300
Texas	13,050,000	500,000		0	13,550,000	1,868,000	15,418,000
Utah	1,441,000	200,000		0	1,641,000	206,000	1,847,000
Vermont	891,000	1,750,000		15,000	2,656,000	127,000	2,783,000
Virginia	2,784,000	0		403,000	3,187,000	368,000	3,555,000
Virgin Islands	17,000	0		0	17,000	2,000	19,000
Washington	3,472,000	500,000		0	3,972,000	496,000	4,468,000
West Virginia	1,717,000	350,000		32,000	2,099,000	227,000	2,326,000
Wisconsin	3,956,000	41,500		6,000	4,003,500	565,000	4,568,500
Wyoming	1,253,000	0		0	1,253,000	179,000	1,432,000
TOTALS	140,034,000	11,717,366	100,000	1,998,000	153,849,366	20,000,000	173,849,366

AGRICULTURAL CONSERVATION PROGRAM
Conservation Reporting and Evaluation System
1987 and 1988 Summary Results

Soil Conservation



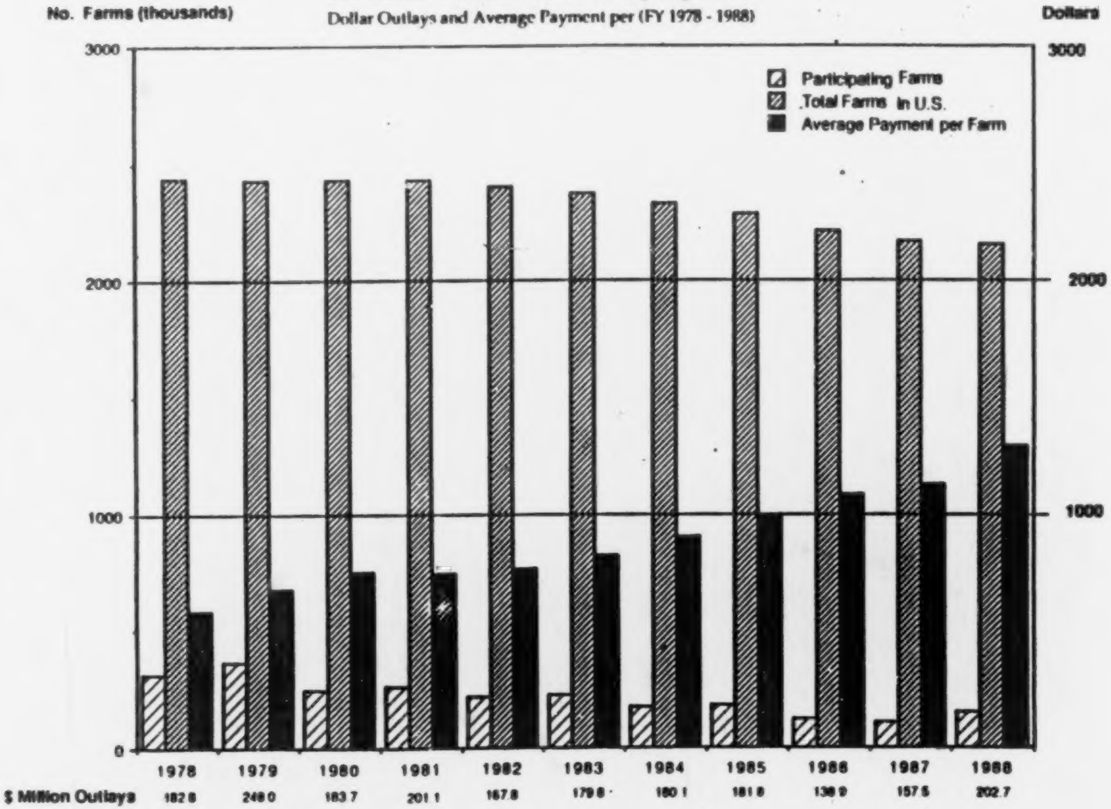
Water Conservation



AGRICULTURAL CONSERVATION PROGRAM

Total Number U.S. Farms - Number Particpating Farms

Dollar Outlays and Average Payment per (FY 1978 - 1988)



AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Colorado River Basin Salinity Control Program

> For necessary expenses for carrying out a voluntary cooperative salinity control program pursuant to section 202(c) of title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)), to be used to reduce salinity in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico, [$10,420,000] $14,783,000, to be used for investigations and surveys, for technical assistance in developing conservation practices and in the preparation of salinity control plans, for the establishment of on-farm irrigation management systems, including related lateral improvement measures, for making cost-share payments to agricultural landowners and operators, Indian tribes, irrigation districts and associations, local governmental and nongovernmental entities, and other landowners to aid them in carrying out approved conservation practices as determined and recommended by the county ASC committees, approved by the State ASC committees and the Secretary, and for associated costs of program planning, information and education, and program monitoring and evaluation: Provided, That the Soil Conservation Service shall provide technical assistance and the Agricultural Stabilization and Conservation Service shall provide administrative services for the program, including but not limited to, the negotiation and administration of agreements and the disbursement of payments: Provided further, That such program shall be coordinated with the regular Agricultural Conservation Program and with research programs of other agencies.

The change identifies the committees as State and county Agricultural Stabilization and Conservation (ASC) Committees.

Colorado River Basin Salinity Control Program

Appropriation Act, 1990	$10,420,000
Budget Estimate, 1991	14,783,000
Increase in Appropriation	+4,363,000

Adjustments in 1990		
Appropriation Act, 1990	$10,420,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-79,000	
Adjusted base for 1990		10,341,000
Budget estimate, 1991		14,783,000
Increase over adjusted 1990		+4,442,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Cost-sharing and technical assistance to landowners and others	$10,341,000	+$4,442,000	$14,783,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Increase	1991 Estimated
Cost-sharing and technical assistance to landowners and others	$5,452,000	$10,341,000	+$4,442,000	$14,783,000
Total, available or estimate	5,452,000	10,341,000	+4,442,000	14,783,000
Gramm-Rudman-Hollings reduction	--	79,000		
Total, appropriation	5,452,000	10,420,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase	1991 Estimated
Cost-sharing and technical assistance to landowners and others	$6,058,021	$10,656,466	+$4,126,534	$14,783,000
Unobligated balance brought forward from prior years .	-921,487	-315,466	+315,466	--
Unobligated balance carried forward to next year	315,466	--	--	--
Total, available or estimate	5,452,000	10,341,000	+4,442,000	14,783,000

EXPLANATION OF PROGRAM

The Colorado River Basin Salinity Control Program (CRSC) is authorized by section 202(c) of Title II of the Colorado River Basin Salinity Control Act of 1974 (43 U.S.C. 1592c), as amended. Salinity problems in the Colorado River Basin are a critical concern to the seven Basin States -- Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming -- and to the Republic of Mexico. The purpose of the CRSC is to reduce the salt content of the upper Colorado River Basin while supporting the Nation's commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and Mexico.

The objectives of the program are to provide financial and technical assistance to:

- Identify salt source areas in the Colorado River Basin (SCS).
- Develop project plans for conservation practices to reduce salt loads in the Colorado River (SCS).
- Install conservation practices through cost-sharing assistance (ASCS).
- Carry out research, education, and demonstration activities (ES, ARS, and CSRS).
- Carry out monitoring and evaluation activities (SCS).

The U.S. Department of the Interior (USDI) has estimated that irrigated agriculture contributes about 37 percent of the total salt load to the Colorado River above the Imperial Dam. Generally, on-farm irrigation and water distribution systems, especially in the Upper Basin, are not efficient and have a high level of surface runoff, excessive deep percolation, and high amounts of seepage from irrigation canals and laterals. Salt loading occurs as seepage and deep percolation leach salts from the soil and underlying geologic formations into the river. Salt concentrations are caused by evaporation, evapo-transpiration of irrigated crops, and export of water for other uses leaving salt in the soil and remaining water.

The Colorado River serves as the primary source of water for parts of the seven Basin States and is used and reused for crop irrigation, hydro-electric power generation, and municipal and industrial purposes. Increases in the salinity of the water cause considerable economic losses. Salinity build-up in the soil root zones reduces or eliminates economic returns from growing agricultural products. Excessive salinity in groundwater, lakes, streams, and rivers reduces or precludes the use of this water by man or wildlife.

The CRSC Program applies to lands that are in an identified salt source area, and are owned or controlled by private individuals, Indian tribes, irrigation districts or companies, or State or local governments. Landowners or operators are eligible to participate in the CRSC Program if all of the following apply:

- Their lands or activities contribute to the project area's salt loading of the Colorado River;

- Their lands or activities in a project area are designated as critical areas or salt sources;

- The Conservation District approves the Salinity Control Plan covering the critical areas and salt sources; and

- The participant meets any minimum acreage requirements established by the county ASC committee.

County ASC committees may enter into CRSC contracts with individuals or entities on eligible land. Under these contracts, ASCS will agree to share with the participant the cost of establishing necessary salinity reduction practices. In return, a participant must agree to carry out a cost-effective salinity control plan developed for the participant's land. The salinity control plan (Project Implementation Plan) includes the salinity reduction practice or practices that must be installed as well as a schedule of completion dates.

Cost-share levels up to 70 percent of the total cost are authorized for the CRSC Program. Levels exceeding the ~~on-farm and~~ offsite benefits must be approved by agency headquarters with USDA Salinity Control Coordinating Committee concurrence. The combined cost-shares by Federal, State, and others shall not exceed 100 percent of the cost of carrying out a salinity reduction practice. Cost-share assistance levels vary among projects.

Reimbursement of 30 percent of ASCS cost-share funds will be billed by USDI and paid by the States to Treasury. The Upper Basin States and Lower Basin States will contribute 15 percent and 85 percent, respectively, of the 30-percent share to be repaid.

Salinity reduction practices (SRP's) for which cost-sharing may be authorized are:

SRP 1	ON-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing deep percolation of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.
SRP 2	OFF-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing seepage of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.
SRP 3	PERMANENT WILDLIFE HABITAT: To protect, restore, or develop permanent wildlife habitat cover or food, to replenish wildlife.
SRP 4	SHALLOW WATER AREAS FOR WILDLIFE: To develop or restore shallow water areas to replace the associated wildlife resources.
SRP	SPECIAL SALINITY REDUCTION PRACTICES: Projects may develop permanent salinity reduction and fish and wildlife practices needed to solve a significant, unique local problem that has been designated high priority in the Project Implementation Plan and for which national program practices are not adequate.

The fiscal year 1990 appropriation of $10.341 million will be distributed as follows: $5.955 million to ASCS for cost-sharing; $3.944 million to Soil Conservation Service for technical assistance, monitoring and evaluation, and planning studies; and $442 thousand to Extension Service for information and education.

JUSTIFICATION OF INCREASE

An increase of $4,442,000 for Colorado River Basin Salinity Control Program payments to landowners and others ($10,341,000 available in fiscal year 1990).

Need for Change. The increased funding request in fiscal year 1991 will continue to move the program closer to the original implementation schedule, and will further support the Administration's water quality initiative.

The Colorado River Basin Salinity Control Program also supports the objectives of the National Program for Soil and Water Conservation and the Nation's commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and the Republic of Mexico.

The requested level for the fiscal year 1991 program was closely coordinated with the respective States since the level cannot exceed each State's ability to reimburse the Federal Government for the State portion of the program costs. The States, therefore, support the recommended level as do the U.S. Department of Agriculture (USDA) Salinity Control Coordinating Committee, USDA technical assistance agencies, and the U.S. Department of the Interior (USDI).

The request would permit an increase in ASCS cost-sharing in the project areas of $2.7 million and $1.8 million in SCS technical support, compared to fiscal year 1990. It is anticipated that in 1991 participants will apply over 300 miles of pipelines and ditch linings and install at least 15,000 acres of sprinkler and other improved irrigation systems on approximately 33,600 acres of irrigated land. These measures will enable farmers to implement irrigation water management techniques which will reduce salt loading to the Colorado River.

Nature of Change. In fiscal year 1991, $13.414 million will be used for six ongoing projects located in Colorado, Nevada, Utah, and Wyoming; $1.269 will be used for pre-implementation activities for two projects--Lower Gunnison #2 and Lower Gunnison #3, Colorado; and $.1 million will be used for planning studies in the San Juan, New Mexico, and Lower Gunnison #2 and #3 project areas. Federal cost-sharing will be provided by ASCS; technical assistance, monitoring and evaluation, and planning studies by SCS; and information and education by ES. Involvement of irrigation districts, universities, and other units of State and local governments will continue.

The following tables show (a) outlays for fiscal year 1989 and (b) geographic breakdown of obligations for fiscal years 1989-1991.

Colorado River Basin Salinity Control Program

Fiscal Year 1989 Outlays by State

State	Outlays
Colorado	$803,325
Utah	1,418,764
Wyoming	218,946
SCS & ES Technical Assistance	1,983,000
Total	$4,424,035

Colorado River Basin Salinity Control Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Colorado	$2,099,920	$2,593,803	$3,817,000
Nevada			954,000
Utah	1,519,533	2,862,338	2,863,000
Wyoming	427,568	814,325	1,015,000
SCS Technical Assistance	1,738,000	3,944,000	5,613,000
ES Information/ Education	273,000	442,000	521,000
Total, Available or Estimate	$6,058,021	$10,656,466	$14,783,000

NOTE: Thirty percent of ASCS cost-share obligations will be reimbursed by the States to Treasury.

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

STATUS OF PROGRAM

Current Activities: Cost share levels of up to 70 percent of total costs are authorized in the seven basin States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming. However, cost-share assistance levels vary among projects. Ongoing salinity control projects through fiscal year 1989 in Grand Valley, McElmo Creek, and Lower Gunnison #1, Colorado, Moapa Valley, Nevada, Uinta Basin, Utah, and Big Sandy, Wyoming, are designed to prevent irrigation water heavily charged with salts and minerals from reentering the river. This aim is achieved by installing on-farm irrigation system improvements.

All projects include the following activities:

-- Cost-Sharing. Since irrigation contributes a substantial amount of salt, fertilizer, and other agricultural pollutants into the river, ASCS cost-sharing is available to improve or automate irrigation systems on land where a significant problem exists. Measures include those that reduce excessive deep ground water percolation from irrigation lateral seepage and over-irrigation, and those that reduce the amount of saline return flows from irrigated agriculture.

-- Technical Assistance. Soil Conservation Service (SCS) provides technical assistance which includes developing irrigation management plans, performing engineering surveys, assisting in design and construction, and monitoring and evaluating the progress and impacts of on-farm salinity control activities.

Extension Service (ES) provides informational and educational programs by developing, carrying out, and coordinating CRSC activities on a project basis and may provide other technical support to carry out the program.

Current efforts demonstrate that both on-farm and off-farm structural approaches are required to meet long-term objectives. Accomplishment results also show that, due to higher capital costs associated with Department of Interior structural measures, cost effectiveness can be maximized by greater use of USDA on-farm measures.

Selected Examples of Recent Progress:

The Grand Valley of Mesa County in Western Colorado contributes about 600,000 tons of salt each year to the Colorado River. Irrigation practices and systems contribute about half the salt load. Excess flood irrigation water percolates down to underlying shale, which dissolves and carries salt into the river.

To reduce the salinity level, conversion of the present flood irrigation systems to automated or semi-automated systems is required. The conversion includes lining irrigation ditches, using gated pipe, installing sensoring devices, and installing drip irrigation systems in orchards.

During fiscal year 1989, 57 CRSC contracts were signed with participants. In addition, six previously approved requests to apply salinity reduction practices with ACP cost-share funds were completed.

From inception of the separately funded program in fiscal year 1987 through fiscal year 1989, $3.323 million has been allocated to Grand Valley for cost-sharing with farmers. Total allocations for Grand Valley, including use of Agricultural Conservation Program funds in prior years, are $14.923 million through fiscal year 1989.

The Uinta Basin unit in Utah is predominantly an agricultural area. Irrigation was introduced in the Basin in 1905 and has steadily increased since then. Few irrigation improvements have been installed throughout the years. Saline land areas and salt concentrations in the river systems contribute about 450,000 tons of salt per year into the Colorado River.

In fiscal year 1989, 39 CRSC salinity control contracts were signed with individual land users and groups. In fiscal years 1987 through 1989, $4.514 million in cost-share funds has been allocated to participants in the Uinta project. Including ACP funding in prior years, Uintah project allocations total $19.610 million.

The Big Sandy River unit is located in southwestern Wyoming. Due to the highly permeable soil in the irrigated area, the on-farm ditches and surface methods of field irrigation currently being used percolate large quantities of excess irrigation water annually into the shallow underground aquifer. The highly saline water from the aquifer reenters the Big Sandy River through seeps and contributes to the estimated annual salt loading of 149,000 tons. On-farm conversion of existing gravity irrigation systems to low-head sprinkler irrigation systems will provide effective irrigation water management.

Funds of $448,000 have been allocated for salinity control cost-shares through fiscal year 1989. During FY 1989, 9 applications were received from individual land users and groups and 8 contracts were signed. Cumulative contracts signed to date total 8 contracts.

The Lower Gunnison Basin Unit is located in west-central Colorado and contributes an estimated 1,100,000 tons of salt annually to the Colorado River system. Lower Gunnison #1 is the first of three projects in this Basin unit to begin salinity reduction measures where irrigated and related upland areas are the major source of salt loading.

Funds of $695,000 have been allocated for cost-sharing salinity reduction practices through fiscal year 1989. During FY 1989, 121 applications were received from individual land users and groups and 14 contracts were signed. Total contracts signed through FY 1989 total 17 contracts.

The tables that follow provide on-farm accomplishments and agency funding, by activity.

Colorado River Basin Salinity Control Program

On-Farm Accomplishments

Implementation	Grand Valley (1979-89)	Uinta (1980-89)	Big Sandy (1988-89)	Lower Gunnison #1,2,and 3 (1988-89)
Total Area to be Treated (acres)	53,000	128,100	15,700	169,000
Ditch Linings/Pipelines (miles)	274	403	2.2	3.7
Lateral Lining/Pipelines (miles)	61	46	-	1.5
Land Leveling (acres)	3,820	1,773	-	-
Wildlife Habitat Replacement (acres)	155	-	-	-
Salt Load Reduction				
Total (tons/year)	36,361	36,414	2,694	704

Colorado River Basin Salinity Control Program Funding
($000)

FY	ASCS Appropriated Level	ASCS (Cost-Share)	SCS (Tech. Asst.)	ES (Information/ Education)	Total
1987	$3,804	$2,450	$1,284	$70	$3,804
1988	4,904	3,089	1,640	175	4,904
1989	5,452	3,441	1,738	273	5,452
TOTAL	$14,160	$8,980	$4,662	$518	$14,160

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Water Bank Program

For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), [$12,371,000] $10,498,000, to remain available until expended.

Water Bank Program -- Current Law

Appropriation Act, 1990		$12,371,000
Budget Estimate, 1991		10,498,000
Decrease in Appropriation		-1,873,000
Adjustments in 1990		
Appropriation Act, 1990	$12,371,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-131,000	
Adjusted base for 1990		12,240,000
Budget estimate, current law, 1991		10,498,000
Decrease from adjusted 1990		-1,742,000

Water Bank Program -- Proposed Legislation

Budget Estimate, Current Law, 1991	$10,498,000
Change due to proposed legislation	+2,295,000
Net Request, President's 1991 Budget Request	12,793,000

SUMMARY OF INCREASES AND DECREASES -- CURRENT LAW
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Annual payments to landowners and operators	$12,240,000	-$1,742,000	$10,498,000

PROJECT STATEMENT -- CURRENT LAW
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Decrease	1991 Estimated
Annual payments to landowners and operators	$9,000,000	$12,240,000	-$1,742,000	$10,498,000
Total, available or estimate	9,000,000	12,240,000	-1,742,000	10,498,000
Gramm-Rudman-Hollings reduction	--	131,000		
Total, appropriation	9,000,000	12,371,000		

PROJECT STATEMENT -- CURRENT LAW
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Annual payments to landowners and operators	$9,153,700	$13,495,378	-$2,997,378	$10,498,000
Unobligated balance brought forward from prior years	-1,409,078	-1,255,378	+1,255,378	--
Unobligated balance carried forward to next year	1,255,378	--	--	--
Total, available or estimate	9,000,000	12,240,000	-1,742,000	10,498,000

EXPLANATION OF PROGRAM

The appropriation "Water Bank Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Water Bank Act, Public Law 91-559, approved December 19, 1970, as amended by Public Law 96-182, approved January 2, 1980.

Its purpose is to conserve water, preserve, maintain, and improve migratory waterfowl habitat and other wildlife resources, and secure other environmental benefits through long-term land use agreements with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas.

The Secretary enters into agreements with landowners and operators for the conservation of specified wetlands. The agreements are for 10 years with provision for renewal for additional periods. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The Secretary makes annual payments to the owner or operator at a rate determined at the time of agreement and subject to review after 4 years and at the time of renewal.

The Secretary carries out the program in coordination with wetlands programs administered by the Secretary of the Interior and utilizes the technical and related services of appropriate State, Federal, and private conservation agencies to ensure coordination.

The 1990 program level of $12,240,000 is expected to bring 64,512 acres under 10-year agreements. This will be accomplished through the signing of approximately 576 agreements with land owners.

JUSTIFICATION OF DECREASE

A decrease of $1,742,000 for Water Bank Program 10-year agreements with landowners and operators ($12,240,000 available in fiscal year 1990).

Need for Change. Proposed legislation will provide landowners the option of receiving a one-time payment in exchange for a permanent easement. Producers may continue to enter into traditional 10-year WBP agreements on their wetlands or adjacent lands under existing law. A current law program level of $10.498 million will help achieve the Administration's wetlands protection and restoration objectives while a dual program will enable the Department to assess costs and producer acceptance of permanent easements under proposed legislation.

Nature of Change. The amount requested under current law represents budgetary assumptions regarding possible levels of participation in the two options. Many producers will be unwilling to sell permanent easements; it is desirable, therefore, to have the alternative of 10-year agreements to secure shorter term protection for high quality wetlands. The amount of Water Bank Program funds actually directed to 10-year agreements in fiscal year 1991 will be determined by producer participation under the dual program, since participants can choose either option within the total program level proposed for 1991. The fiscal year 1991 appropriation request under current law would provide for new 10-year agreements at acreage levels comparable to the fiscal year 1989 program.

The following table shows outlays for fiscal year 1989.

Water Bank Program
Fiscal Year 1989 Outlays by State

State	Outlays
Arkansas	$355,922
California	544,158
Louisiana	510,542
Maine	12,218
Michigan	34,316
Minnesota	1,646,699
Mississippi	614,919
Montana	196,965
Nebraska	169,094
North Dakota	2,858,210
South Dakota	1,131,927
Wisconsin	508,946
TOTAL	$8,583,916

Agricultural Stabilization and Conservation Service
Water Bank Program
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	1991 Current Law	1991 Program Changes	1991 President's Request
Annual payments to landowners and operators..........................	$10,498,000	--	$10,498,000
Payments for permanent conservation easements on wetlands and adjacent lands............................	--	+$2,295,000	2,295,000
Total Available..................	$10,498,000	+$2,295,000	$12,793,000

Explanation of Proposed Legislation

The Water Bank Program provides annual payments to producers who enter into 10-year contracts in which they agree to preserve eligible wetlands and adjacent lands. Legislation is being proposed to authorize program participants the option of receiving a one-time payment in exchange for a permanent easement on wetlands or adjacent lands, or they may continue to enter into 10-year agreements under current law. A dual program would enable the Department to assess the costs of and producer interest in permanent easements while ensuring that the Nation's wetlands continue to be preserved. This proposal would amend the Water Bank Act.

Water Bank Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Arkansas	$495,287	$600,010	--
California	548,087	689,772	--
Louisiana	689,342	800,192	--
Maine	903	19,440	--
Michigan	-11,185	34,723	--
Minnesota	2,022,851	2,582,416	--
Mississippi	653,398	1,017,010	--
Montana	127,547	376,273	--
Nebraska	191,954	286,037	--
North Dakota	3,105,651	3,970,307	--
South Dakota	714,119	2,433,192	--
Wisconsin	605,746	634,297	--
Undistributed	10,000	51,709	$12,793,000
Total, Available or Estimate	$9,153,700	$13,495,378	$12,793,000

NOTE: Negative obligations represent deobligation of prior years' obligations.

WATER BANK PROGRAM

STATUS OF PROGRAM

Current Activities: Under the Water Bank Program, persons having eligible wetlands in selected migratory waterfowl nesting, breeding, and feeding areas enter into 10-year agreements, with provision for renewal, and receive annual payments for preserving wetlands.

The Water Bank Act, as amended by P.L. 96-182, approved January 2, 1980, authorizes the Secretary to review rental rates on agreements at the beginning of the fifth year and at time of renewal, and to adjust these rates if land and crop values have changed.

The amended act also specifies that payments cannot exceed $30 million in any calendar year, and that not more than 15 percent of the funds authorized to be appropriated in any fiscal year may be used for agreements in any one State.

Selected Examples of Recent Progress:

The 677 agreements entered in 1979 expired December 31, 1988, and were eligible for renewal in 1989. During fiscal year 1989, 456 renewals or new agreements were signed with landowners to protect 52,749 acres. From 1980 through September 1989, 4,744 agreements were entered into on 507,593 acres of land.

The tables and graph that follow show (a) the status of calendar year agreements from 1980 through September 1989 and (b) 1989 calendar year agreements by State through September 1989.

Water Bank Program
Status of Calendar Year Agreements
1980 Through September 30, 1989

Calendar Year	Number of Agreements	Total Acres	Designated Acres		Annual Payments
			Wetland Acres	Adjacent Acres	
1980	542	60,929	17,155	43,774	$987,123
1981	274	26,251	8,309	17,942	388,966
1982	523	44,115	15,650	28,465	679,614
1983	506	52,843	16,656	36,187	819,721
1984	589	59,167	22,829	36,338	849,218
1985	577	61,310	22,691	38,619	861,681
1986	316	35,451	12,481	22,970	544,394
1987	475	53,108	18,749	34,359	835,485
1988	486	61,670	24,902	36,768	949,577
1989	456	52,749	24,241	28,508	926,819
Total	4,744	507,593	183,663	323,930	$7,842,598

Water Bank Program
1989 Calendar Year Agreements
As of September 30, 1989

State	Number of Approved Counties	Number of Agreements	Designated Acres	Annual Payment for Designated Acreage
Arkansas	10	26	3,668	$25,675
California	10	9	1,257	30,168
Louisiana	3	42	7,276	75,630
Minnesota	39	133	6,625	189,796
Mississippi	7	34	5,330	45,306
Montana	8	6	709	10,809
Nebraska	11	8	452	11,380
North Dakota	36	129	20,636	352,007
South Dakota	40	35	4,034	57,342
Wisconsin	8	34	2,762	128,706
Total	172	456	52,749	$926,819

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

Emergency Conservation Program

> [For necessary expenses to carry into effect the program authorized in sections 401, 402, and 404 of Title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201-2205), $10,000,000, to remain available until expended, as authorized by 16 U.S.C. 2204.]

The change deletes the appropriation language for the Emergency Conservation Program since no funds are proposed for fiscal year 1991.

Emergency Conservation Program

Appropriation Act, 1990		$10,000,000
Budget Estimate, 1991		--
Decrease in Appropriation		-10,000,000
Adjustments in 1990		
Appropriation Act	$10,000,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-73,000	
Adjusted base for 1990		9,927,000
Budget estimate, 1991		--
Decrease from adjusted 1990		-9,927,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Emergency cost-sharing and technical assistance to farmers	$9,927,000	-$9,927,000	--

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Decrease	1991 Estimated
Emergency cost-sharing and technical assistance to farmers	$5,000,000	$9,927,000	-$9,927,000	--
Total, available or estimate	5,000,000	9,927,000	-9,927,000	--
Gramm-Rudman-Hollings reduction	--	73,000		
Total, appropriation	5,000,000	10,000,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimate
Emergency cost-sharing and technical assistance to farmers	$6,514,926	$16,432,654	-$16,432,654	--
Unobligated balance brought forward from prior years .	-8,020,580	-6,505,654	+6,505,654	--
Unobligated balance carried forward to next year	6,505,654	--	--	--
Total, available or estimate	5,000,000	9,927,000	-9,927,000	--

EXPLANATION OF PROGRAM

The appropriation "Emergency Conservation Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Agricultural Credit Act of 1978 (P.L. 95-334). Under the program the Government shares the cost of carrying out approved practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters.

Assistance is available when, as a result of wind, floods, hurricanes or other natural disasters, new conservation problems are created which (1) if not treated, will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage that is unusual in character and, except for wind erosion, is not the type that would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use. Also, payments may be made to agricultural producers who carry out emergency water conservation or water enhancing measures during periods of severe drought as determined by the Deputy Administrator, State and County Operations, ASCS.

Cost-sharing may be offered for emergency conservation measures only to replace or restore a practice or to restore the land to a condition similar to that existing prior to the natural disaster, and may not be offered for the solution of conservation problems existing prior to the disaster involved.

Emergency conservation measures or practices for which cost-sharing may be authorized are:

Practice EC1.	Removing debris from farmland, including farmsteads and roadways.
Practice EC2.	Grading, shaping, releveling or similar measures to restore farmland.
Practice EC3.	Restoring permanent fences.
Practice EC4.	Restoring structures and other installations.
Practice EC5.	Emergency wind erosion control measures.
Practice EC6.	Drought emergency measures.
Practice EC7.	Other emergency conservation measures.

Practices EC1 through EC5 are subject to approval by the ASC county committee. Practices EC6 and EC7 additionally require prior approval by the Deputy Administrator, State and County Operations.

The 1990 program is expected to rehabilitate approximately 894,000 acres of farmland damaged by natural disaster.

JUSTIFICATION OF DECREASE

A decrease of $9,927,000 for Emergency Conservation Program payments for cost-sharing and technical assistance to farmers ($9,927,000 available in fiscal year 1990).

Need for Change. Future emergency needs cannot be predicted and will be addressed as necessary.

Nature of Change. The 1991 Budget proposes no funding for this program. Existing contracts for which funds were previously obligated would be honored.

The following tables show (a) outlays by State, fiscal year 1989 and (b) geographic breakdown of obligations for fiscal years 1989-91.

Emergency Conservation Program
Fiscal Year 1989 Outlays by State

State	Outlays
Alabama	$17,509
Arizona	13,640
Arkansas	60,626
California	136,664
Colorado	8,302
Florida	32,452
Georgia	400,839
Hawaii	57,293
Idaho	76,722
Illinois	652,500
Iowa	666,384
Kansas	14,061
Kentucky	601,905
Louisiana	370
Maine	16,861
Maryland	18,317
Michigan	5,700
Minnesota	245
Mississippi	-246
Missouri	756,023
Montana	1,130,841
Nebraska	170,476
Nevada	194,629
New Mexico	45,140
New York	28,538
North Carolina	77,473
North Dakota	73,144
Ohio	922,857
Oklahoma	23,382
Oregon	28,708
Pennsylvania	9,982
South Carolina	6,033
South Dakota	285,650
Tennessee	76,164
Texas	840,401
Utah	93,652
Vermont	116,277
Virginia	-1,304
Washington	118,553
West Virginia	106,156
Wisconsin	49
Wyoming	10,812
Undistributed	-42
TOTAL	$7,893,738

Emergency Conservation Program
Geographic Breakdown Of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	18,625	$333,015	--
Arizona	$13,640	23,360	--
Arkansas	60,626	--	--
California	83,730	395,978	--
Colorado	8,302	-2,880	--
Connecticut	0	12,500	--
Florida	57,772	147,568	--
Georgia	-147,863	44,500	--
Hawaii	102,035	212,607	--
Idaho	108,643	25,209	--
Illinois	787,159	431,646	--
Indiana	23,360	81,640	--
Iowa	585,278	699,761	--
Kansas	862	72,912	--
Kentucky	616,529	16,505	--
Louisiana	-650	542	--
Maine	8,850	8,184	--
Maryland	47,607	130,974	--
Massachusetts	0	1	--
Michigan	26,362	194,443	--
Minnesota	0	50,000	--
Missouri	897,960	559,095	--
Montana	322,770	706,701	--
Nebraska	407,860	494,549	--
Nevada	121,662	--	--
New Mexico	63,130	18,920	--
New York	39,700	32,100	--
North Carolina	159,341	1,084,676	--
North Dakota	87,672	111,563	--
Ohio	343,751	215,162	--
Oklahoma	85,136	14,380	--
Oregon	73,123	74,277	--
Pennsylvania	10,039	12,309	--
Puerto Rico	--	195,300	--
South Carolina	54,905	7,616,095	--
South Dakota	331,913	293,540	--
Tennessee	50,921	--	--
Texas	543,750	884,847	--
Utah	94,295	55,705	--
Vermont	118,913	66,087	--
Virgin Islands	--	303,000	--
Washington	199,800	368,700	--
West Virginia	58,750	7,397	--
Wyoming	48,710	8,752	--
Undistributed	-42	441,035	--
Total, Available or Estimate (includes SCS Technical Assistance)	$6,514,926	$16,432,654	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

EMERGENCY CONSERVATION PROGRAM

STATUS OF PROGRAM

Current Activities: Of the total eligible costs of restoring damaged farmland, the Federal Government will pay up to 64 percent of the first $62,500, 40 percent of the second $62,500, and 20 percent of the eligible cost above $125,000. The maximum cost-share payment under the program is $200,000 per person, per disaster, including pooling agreements.

During fiscal year 1989, approximately 3,925 farms in 42 States participated in the program, involving approximately 714,371 acres and $7.9 million in cost-share and technical assistance.

Selected Examples of Recent Activity:

-- Drought. During fiscal year 1989, $4,165,879 was allocated to producers in 13 States as a result of drought conditions.

-- Flooding. Producers in 27 States were provided ECP allocations in fiscal year 1989 totaling $4,438,491 to repair flood damage by reshaping the land and removing debris.

-- Tornado. Allocations of $565,171 were provided to producers in eight States during fiscal year 1989 to rehabilitate land damaged by tornadoes.

-- Other Disasters. Producers in six States received allocations of $530,350 in fiscal year 1989 to restore farmland damaged by wildfires caused by lightning.

The tables that follow show (a) appropriations and outlays for fiscal years 1957 through 1989, and (b) outlays by type of disaster for fiscal year 1989.

Emergency Conservation Program
Appropriations and Outlays
Fiscal Years 1957-1989

Fiscal Year	Appropriation	Outlays
1957	$4,000,000	$931,800
1958	20,000,000	1,975,898
1959	--	3,211,377
1960	--	897,656
1961	--	549,201
1962	5,000,000	8,796,544
1963	--	2,701,428
1964	4,000,000	3,392,835
1965	14,000,000	10,007,537
1966	24,000,000	13,189,570
1967	5,000,000	5,701,969
1968	5,000,000	5,403,016
1969	5,000,000	7,143,935
1970	5,000,000	8,303,981
1971	5,000,000	12,364,588
1972	12,000,000	7,407,073
1973	25,000,000	9,227,765
1974	10,000,000	18,195,465
1975	10,000,000	8,152,886
1976	10,000,000	11,242,440
TQ	2,500,000	3,399,204
1977	10,000,000	15,858,888
1978	30,000,000	15,496,330
1979	10,000,000	23,384,000
1980	35,000,000	22,196,759
1981	10,000,000	15,700,695
1982	8,800,000	4,400,132
1983	--	9,854,249
1984	19,000,000	15,488,359
1985	--	11,415,369
1986	5,000,000	7,098,964
1987	10,000,000	4,656,594
1988	1,000,000	4,763,344
1989	5,000,000	7,893,738
Total	$309,300,000	$300,403,589

Emergency Conservation Program
Outlays by Type of Disaster
Fiscal Year 1989

State	Drought	Flood	Hurricane	Tornado	All Other	Total
Alabama	$92	--	--	$17,417	--	$17,509
Arizona	--	$13,640	--	--	--	13,640
Arkansas	--	--	--	60,626	--	60,626
California	34,230	15,888	--	--	$86,546	136,664
Colorado	--	8,302	--	--	--	8,302
Florida	--	10,040	--	22,412	--	32,452
Georgia	345,754	--	--	--	--	345,754
Hawaii	--	6,972	--	--	41,022	47,994
Idaho	67,349	5,467	--	--	-2,342	70,474
Illinois	644,271	9,307	--	--	-3,267	650,311
Iowa	657,951	1,172	--	--	-644	658,479
Kansas	--	13,728	--	--	333	14,061
Kentucky	519,808	--	--	--	2,097	521,905
Louisiana	--	370	--	--	--	370
Maine	--	15,083	--	--	--	15,083
Maryland	554	17,763	--	--	--	18,317
Michigan	--	-666	--	--	54	-612
Minnesota	245	--	--	--	--	245
Mississippi	-246	--	--	--	--	-246
Missouri	774,821	-19,821	--	--	1,023	756,023
Montana	1,100,533	6,929	--	--	23,379	1,130,841
Nebraska	18,436	106,479	--	--	32,037	156,952
Nevada	154,604	30,157	--	--	--	184,761
New Mexico	--	32,309	--	--	--	32,309
New York	--	23,797	--	2,134	57	25,988
North Carolina	--	--	--	77,473	--	77,473
North Dakota	60,431	288	--	--	--	60,719
Ohio	817,361	1,867	--	--	--	819,228
Oklahoma	--	16,656	--	--	6,726	23,382
Oregon	23,199	--	--	--	5,509	28,708
Pennsylvania	--	161	$9,821	--	--	9,982
South Carolina	--	--	--	6,033	--	6,033
South Dakota	282,475	--	--	--	-1,825	280,650
Tennessee	64,846	--	--	--	--	64,846
Texas	--	262,440	--	49,202	528,759	840,401
Utah	--	78,652	--	--	--	78,652
Vermont	116,277	--	--	--	--	116,277
Virginia	--	-1,304	--	--	--	-1,304
Washington	--	106,553	--	--	--	106,553
West Virginia	91,063	7,847	--	--	-2,927	95,983
Wisconsin	49	--	--	--	--	49
Wyoming	3,020	8,364	--	--	-572	10,812
TOTAL	$5,777,123	$778,440	$9,821	$235,297	$715,965	$7,516,646 a/

a/ Excludes technical assistance. Total outlays, including $377,092 for technical assistance are $7,893,738.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows:

Forestry Incentives Program

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, $12,446,000, to remain available until expended, as authorized by that Act.

Forestry Incentives Program

Appropriation Act, 1990	$12,446,000
Budget Estimate, 1991	12,446,000
Change in Appropriation	--

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Cost-sharing and technical assistance to landowners	$12,446,000	--	$12,446,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Cost-sharing and technical assistance to landowners.	$12,446,000	$12,446,000	--	$12,446,000
Total, appropriation or estimate	12,446,000	12,446,000	--	12,446,000

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Cost-sharing and technical assistance to landowners .	$12,294,702	$14,517,040	-$2,071,040	$12,446,000
Recovery of prior year obligations................	-162,714	--	--	--
Unobligated balance brought forward from prior years .	-1,757,028	-2,071,040	+2,071,040	--
Unobligated balance carried forward to next year	2,071,040	--	--	--
Total, appropriation or estimate	12,446,000	12,446,000	--	12,446,000

EXPLANATION OF PROGRAM

The appropriation "Forestry Incentives Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Cooperative Forestry Assistance Act of 1978. Its purpose is to encourage the development, management, and protection of nonindustrial, private forest lands to increase the production of timber and enhance other forest resources.

The program is carried out through annual and long-term cost-sharing agreements with private landowners who improve a stand of forest trees or plant trees.

Under the 1990 program, cost-sharing and technical assistance totaling $12,446,000 will be provided to plant trees on approximately 165,000 acres and to improve timberstand on approximately 35,000 acres of forest.

The 1991 request of $12,446,000, the same as in 1990, will provide cost-sharing for tree planting on 159,300 acres and timberstand improvement on 33,650 acres.

The following tables show (a) outlays for fiscal year 1989 and (b) geographic breakdown of obligations for fiscal years 1989-91.

Forestry Incentives Program
Fiscal Year 1989 Outlays by State

State	Outlays
Alabama	$901,879
Arizona	683
Arkansas	704,359
California	56,459
Colorado	7,764
Connecticut	5,220
Delaware	59,711
Florida	1,061,878
Georgia	1,355,829
Idaho	27,584
Illinois	21,406
Indiana	61,383
Iowa	27,336
Kansas	1,947
Kentucky	82,343
Louisiana	679,430
Maine	51,878
Maryland	109,403
Massachusetts	51,099
Michigan	77,882
Minnesota	28,127
Mississippi	1,058,142
Missouri	45,198
Nebraska	293
New Hampshire	37,181
New Jersey	-25
New Mexico	2,384
New York	73,775
North Carolina	622,084
Ohio	131,892
Oklahoma	54,283
Oregon	466,496
Pennsylvania	50,192
Puerto Rico	14,364
Rhode Island	409
South Carolina	871,174
South Dakota	11,055
Tennessee	134,523
Texas	632,994
Vermont	17,067
Virginia	793,771
Washington	341,031
West Virginia	63,283
Wisconsin	127,802
Wyoming	96,432
Undistributed	1,129,396
ASCS, Subtotal	12,148,795
FS Technical Assistance	1,245,000
TOTAL	$13,393,795

Forestry Incentives Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	$878,999	$977,135	$910,000
Alaska	12,415	11,585	10,000
Arizona	3,718	16,027	4,000
Arkansas	708,734	759,203	712,000
California	5,891	315,688	79,000
Colorado	-49,411	42,544	11,000
Connecticut	1,116	31,030	3,000
Delaware	61,853	74,147	68,000
Florida	1,252,401	1,145,982	1,050,000
Georgia	1,324,156	1,517,937	1,405,000
Idaho	7,314	85,255	35,000
Illinois	33,288	94,339	29,000
Indiana	76,271	110,558	72,000
Iowa	42,190	45,757	42,000
Kansas	83	18,983	3,000
Kentucky	77,433	87,281	74,000
Louisiana	695,835	670,469	671,000
Maine	31,699	52,784	44,000
Maryland	157,667	128,333	124,000
Massachusetts	33,191	49,753	41,000
Michigan	88,477	91,997	85,000
Minnesota	-4,146	237,287	66,000
Mississippi	793,234	801,565	792,000
Missouri	13,357	95,562	45,000
Montana	13,502	20,051	6,000
Nebraska	-2,437	39,074	3,000
Nevada	-8,588	3,000	3,000
New Hampshire	68,231	44,514	36,000
New Jersey	340	25,328	--
New Mexico	-526	35,107	3,000
New York	39,981	109,470	66,000
North Carolina	683,037	715,365	651,000
Ohio	102,040	213,100	150,000
Oklahoma	102,279	114,809	75,000
Oregon	533,392	504,465	491,000
Pennsylvania	76,413	153,509	67,000
Puerto Rico	4,128	68,139	26,000
Rhode Island	4,891	11,536	3,000
South Carolina	1,077,447	1,050,500	1,149,000
South Dakota	17,989	17,850	16,000
Tennessee	134,295	132,649	117,000
Texas	526,988	599,374	557,000
Vermont	21,391	17,550	17,000
Virginia	813,784	815,532	765,000
Washington	360,178	360,568	355,000
West Virginia	65,593	54,972	59,000
Wisconsin	106,484	346,220	158,000
Wyoming	40,489	76,609	53,000
Undistributed	-124	281,548	--
ASCS, Subtotal	11,026,962	13,272,040	11,201,000
FS Technical Assistance	1,267,740	1,245,000	1,245,000
Total, Available or Estimate	$12,294,702	$14,517,040	$12,446,000

NOTE: Negative obligations represent deobligation of prior years' obligations.

FORESTRY INCENTIVES PROGRAM

STATUS OF PROGRAM

Current Activities: The Forestry Incentives Program (FIP) is available in counties designated on the basis of a Forest Service survey of total eligible private timberland available for potential production of timber products. Features of the program include:

-- Cost-Share Rate. FIP shares up to 65 percent of the cost of performing forestry practices designed to plant or improve a stand of forest trees. The percentage cost-shared depends on the rate set in a particular State and county by the Agricultural Stabilization and Conservation (ASC) committee in consultation with the State forester or equivalent State official.

-- Eligibility. To be eligible for cost-sharing assistance under FIP, a landowner must:

o Own private, nonindustrial forest land that is:

- Capable of producing marketable timber crops and meeting minimum productivity standards of at least 50 cubic feet of wood per acre per year, and

- Suitable for forestation if presently not in trees, for reforestation, or for improved forest management. Usually, the eligible species for planting are softwoods, but hardwoods that have proven planting histories may be approved in specified areas.

o Qualify as a private individual, group, Indian tribe or other native group, association, corporation (excluding corporations whose stocks are publicly traded), or other legal entity who owns no more than 1,000 acres of eligible forest land (unless ASCS determines it is in the public interest to grant an exception for a larger unit of up to 5,000 acres).

o Restrict the manufacture of forest products to a part-time or irregular basis.

-- Forest Management Plan. Once an eligible landowner requests assistance through an ASCS county office, a representative of the State forestry agency examines the landowner's property to certify the need for the practice. The landowner may enter into either an annual or long-term agreement (3-10 years). As a condition for cost-sharing assistance the State forester, in cooperation with the landowner, develops a forest management plan. The plan, when completed, must be approved by the State forester or his or her representative and a copy provided to the county ASC committee. The State forestry agency provides technical advice and helps find approved vendors, if needed, for getting the work accomplished.

-- Payment Limitation. Once the State forestry agency certifies that the project is complete, the county ASCS office makes the cost-share payments. The payment limitation to any person during any year is $10,000.

-- Practices. The practices for which costs are shared under FIP are as follows:

o Planting Trees. This practice is intended to increase the production of timber and improve the environment. Site preparation is an authorized part of the practice if certified by a representative of the State forestry agency as necessary.

- o Improving a Stand of Forest Trees. This practice is aimed at increasing growth of trees on sites suitable for production of sawtimber and veneer logs. Both softwood and hardwood improvement practices may qualify. Precommercial thinning, pruning of crop trees, and releasing desirable seedlings and young trees are acceptable measures.

- o Site Preparation for Natural Regeneration. This practice is aimed at establishing a stand of forest trees through natural regeneration for timber production purposes and to preserve and improve the environment.

- o Special Forestry Practices. A special forestry practice may be approved by the Director, Conservation and Environmental Protection Division, ASCS, after consultation with the Forest Service when needed for a significant and unique local condition for which the national practices are not adequate.

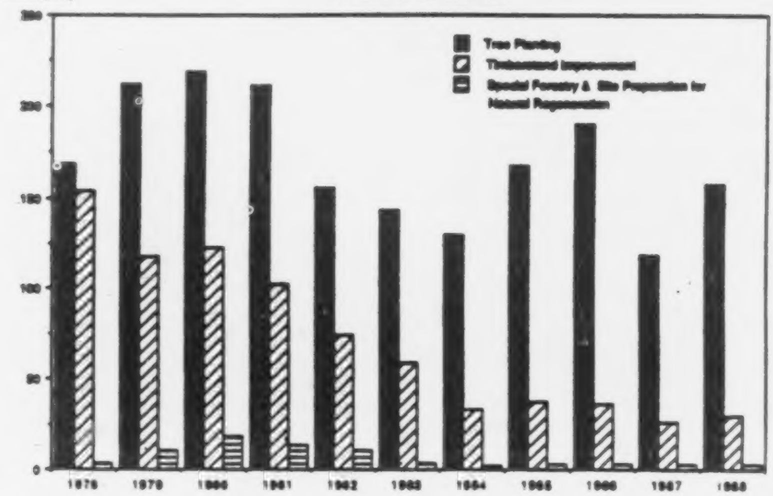
Selected Examples of Recent Progress: Program accomplishments include:

-- Participation. During fiscal year 1988, 5,168 landowners and operators participated in the program. From fiscal year 1975, when the program became separately funded, through fiscal year 1988, 100,547 participants entered cost-share agreements to increase the production of timber on about 3,320,805 acres of private forest lands. Forestry studies indicate that over 30 percent of all tree planting on nonindustrial, private lands is accomplished through FIP.

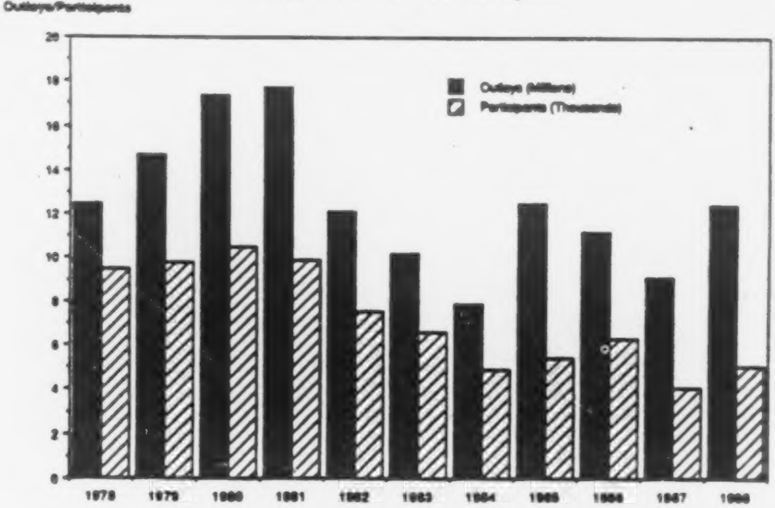
-- Payments. Outlays in fiscal year 1988 totaled $12,373,488.

The following graphs show (a) the number of acres by type of practice, and (b) the outlays and number of participants for fiscal years 1978 through 1988.

Forestry Incentives Program (FIP)
Number of Acres



Outlays & Number of Participants



Rural Clean Water Program

Appropriation Act, 1990	--
Budget Estimate, 1991	--
Change in Appropriation	--

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Cost-sharing and technical assistance to farmers	$57,389	$2,557,806	-$2,557,806	--
Recovery of prior year obligations	-2,381,688	--	--	--
Unobligated balance brought forward from prior years .	-233,507	-2,557,806	+2,557,806	--
Unobligated balance carried forward to next year	2,557,806	--	--	--
Total, appropriation or estimate	--	--	--	--

EXPLANATION OF PROGRAM

The experimental Rural Clean Water Program is authorized by the Agriculture, Rural Development and Related Agencies Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528).

The purpose of the program is to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. It provides long-term financial and technical assistance to landowners and operators to improve water quality and meet water quality goals. Under the program, participants agree to install and maintain practices as specified in an approved water quality plan. The effectiveness of the practices in reducing identified pollutants entering a stream or lake or leaving their source is evaluated.

Federal technical assistance is provided by the Soil Conservation Service, Forest Service, Economic Research Service, and the Environmental Protection Agency. Nonfederal technical assistance is provided by local agencies and/or conservation districts.

The experimental program encompasses 21 project areas, which contain a multiplicity of pollution-causing materials (nutrients/fertilizers, toxics/pesticides, organics/bacteria, sediment, dissolved solids, etc.). Recommended project areas were developed by local and State committees and approved by the Secretary of Agriculture in consultation with the Administrator of the Environmental Protection Agency.

Full funding is provided for all projects on a current dollar basis. Application of the construction cost index (from the Department of Commerce Composite of Construction Cost Index, Bureau of the Census, Construction Statistics Division) to the original approvals is used to project future budgetary requirements.

Activities represented in the 1991 Budget require no additional funding. Projects have been fully funded by 1980 and 1981 appropriations.

The following tables show (a) outlays by State, fiscal year 1989, (b) geographic breakdown of obligations for fiscal years 1989-1991, and (c) estimated costs by project.

Rural Clean Water Program
Fiscal Year 1989 Outlays by State

State	Outlays
Alabama	$61,262
Delaware	26,202
Florida	236,646
Idaho	480,150
Illinois	174,477
Iowa	35,385
Kansas	130,870
Kentucky	24,451
Louisiana	165,090
Maryland	354,799
Massachusetts	39,737
Michigan	105,471
Minnesota	320,728
Nebraska	198,239
Oregon	266,285
Pennsylvania	533,976
South Dakota	219,342
Tennessee	197,216
Utah	48,155
Vermont	387,577
Virginia	164,769
Wisconsin	59,460
Undistributed	-90,007
TOTAL	$4,140,280

Rural Clean Water Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	-50,000	-17,747	--
Delaware	-130,000	60,100	--
Florida	--	714,000	--
Idaho	--	-12,923	--
Illinois	-52,162	-25,133	--
Iowa	-87,690	--	--
Kansas	--	--	--
Kentucky	-15,000	-36,817	--
Louisiana	-75,000	-815,000	--
Maryland	-1,550,374	262,019	--
Massachusetts	-15,000	--	--
Michigan	--	138,183	--
Minnesota	--	334,817	--
Nebraska	--	-5,155	--
Oregon	--	163,000	--
Pennsylvania	--	339,500	--
South Dakota	--	149,236	--
Tennessee	-16,367	69,042	--
Utah	--	--	--
Vermont	--	49,500	--
Virginia	-231,995	--	--
Wisconsin	-100,000	-160,007	--
Undistributed	2,380,977	1,351,191	--
Total, Available or Estimate	$57,389	$2,557,806	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

Rural Clean Water Program Projects

Project	Location	Estimated Costs 1/	Status
Lake Tholocco	Alabama	$1,832,528	Implemented in 1980. 80% of its critical acres and 95% of its best management practice (BMP) funds are under contract.
Appoquinimink	Delaware	936,060	Implemented in 1980. 87% of its critical acres and 99% of its BMP funds are under contract.
Taylor Creek-Nubbin Slough/ Lower Kissimmee River	Florida	2,958,460	The Taylor Creek-Nubbin Slough project was implemented in 1981. 87% of its critical acres and 98% of its BMP funds are under contract. Lower Kissimmee River was added in 1988. 58% of its critical acres and 62% of its BMP funds are under contract.
Rock Creek	Idaho	5,280,326	Implemented in 1980. 73% of its critical acres and 90% of its BMP funds are under contract. Selected as one of five comprehensive monitoring and evaluation (CM&E) projects.
Highland Silver Lake	Illinois	3,954,352	Implemented in 1980. 82% of its critical acres and 94% of its BMP funds are under contract. A CM&E project.
Prairie Rose Lake	Iowa	708,866	Implemented in 1980. 97% of its critical acres and 83% of its BMP funds are under contract.
Upper Wakarusa	Kansas	2,176,219	Implemented in 1980. Has been terminated.
Reelfoot Lake	Kentucky	928,257	Implemented in 1980. 64% of its critical acres and 90% of its BMP funds are under contract.
Bonne Idee	Louisiana	4,355,614	Implemented in 1980. 75% of its critical acres and 88% of its BMP funds are under contract.
Double Pipe Creek	Maryland	4,948,810	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.

Project	Location	Estimated Costs	Status
Westport River	Massachusetts	708,117	Implemented in 1981. 67% of its critical acres and 88% of its BMP funds are under contract.
Saline Valley	Michigan	2,812,326	Implemented in 1980. 32% of its critical acres and 98% of its BMP funds are under contract.
Garvin Brook	Minnesota	2,546,632	Implemented in 1981. 42% of its critical acres and 100% of its BMP funds are under contract.
Long Pine Creek	Nebraska	2,433,904	Implemented in 1981. 79% of its critical acres and 77% of its BMP funds are under contract.
Tillamook Bay	Oregon	5,474,621	Implemented in 1981. 98% of its critical acres and 99% of its BMP funds are under contract.
Conestoga Headwaters	Pennsylvania	4,082,764	Implemented in 1981. 40% of its critical acres and 84% of its BMP funds are under contract. A CM&E project.
Oakwood-Lake Poinsett	South Dakota	3,603,127	Implemented in 1981. 56% of its critical acres and 60% of its BMP funds are under contract. A CM&E project.
Reelfoot Lake	Tennessee	4,388,160	Implemented in 1980. 58% of its critical acres and 99% of its BMP funds are under contract.
Snake Creek	Utah	411,975	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.
St. Albans Bay	Vermont	5,043,155	Implemented in 1980. 75% of its critical acres and 99% of its BMP funds are under contract. A CM&E project.

Project	Location	Estimated Costs	Status
Nansemond-Chuckatuck	Virginia	2,118,598	Implemented in 1981. 75% of its critical acres and 92% of its BMP funds are under contract.
Lower Manitowoc	Wisconsin	2,295,308	Implemented in 1980. 57% of its critical acres and 88% of its BMP funds are under contract.
Subtotal		63,998,179	
Technical Assistance, National Association of Conservation Districts		1,821	
	TOTAL	$64,000,000	

1/ Includes funds for best management practices, information and education, Federal and nonfederal technical assistance, and comprehensive monitoring and evaluation.

RURAL CLEAN WATER PROGRAM

STATUS OF PROGRAM

Current Activities: The experimental RCWP provides financial and technical assistance to farmers and ranchers for the installation of approved measures that reduce or control agricultural nonpoint source pollution.

-- Program Operation. Project proposals were developed and recommended by local and State coordinating committees and were selected by the Secretary of Agriculture in consultation with the Administrator of the Environmental Protection Agency. Work plans for each project, initially developed prior to selection, are updated annually.

Each participant entered into a contract agreement during the first 5 years of the project, to carry out an individual water quality plan developed in cooperation with the Soil Conservation Service and the soil conservation district. Approved contracts then run from 3 to 10 years and may be modified to reflect changes in the status of the participant, the land under agreement, or farming operations.

Pollution problems are treated by Best Management Practices (BMP's) specified by the individual water quality plan developed for each farm. Practices that qualify for cost-sharing under the RCWP are those that reduce pollutants entering a stream or lake, or prevent them from leaving their source.

-- Payment Levels and Limitations. The maximum Federal cost-share level is 75 percent, unless otherwise approved by the Administrator, ASCS. Total payment to a single producer is limited to $50,000 over the life of the contract. There is no annual limitation.

-- Monitoring and Evaluation. General monitoring records progress on practice installation, payments, and short- and long-term water quality trends for all projects. An economic evaluation of each project is performed to determine the cost-share rate for each practice. Comprehensive monitoring and evaluation (CM&E) involves the monitoring of water quality, analysis of samples, evaluation of results, and analysis of socioeconomic impact on the affected population. Projects in Idaho, Illinois, Pennsylvania, South Dakota, and Vermont have been selected as CM&E projects.

Selected Examples of Progress: Program accomplishments are as follows:

-- The contracting period for the last four projects (Florida, Minnesota, Pennsylvania, and South Dakota) ended September 30, 1989. Signup of at least 75 percent of the critical acres in 12 project areas has been accomplished, including Lake Tholocco, Alabama; Appoquinimink, Delaware; Taylor Creek-Nubbin Slough, Florida; Rock Creek, Idaho; Highland Silver Lake, Illinois; Prairie Rose Lake, Iowa; Double Pipe Creek, Maryland; Long Pine Creek, Nebraska; Tillamook Bay, Oregon; Snake Creek, Utah; St. Albans Bay, Vermont; and Nansemond-Chuckatuck, Virginia. From inception, 395,621 of 570,519 total critical acres in all project areas have been placed under contract, 3,789 of these in fiscal year 1989.

-- Since inception, $32,641,165 of $34,986,866 (93 percent) in BMP funds have been placed under contract, $337,660 in fiscal year 1989.

-- Since inception, $20.0 million has been allocated for technical assistance activities to EPA, ERS, ES, FS, SCS, and other technical services for Conservation Districts.

-- Since inception, $7.7 million has been approved for comprehensive monitoring and evaluation: Idaho, $1,235,966; Illinois, $1,285,757; Pennsylvania, $1,231,400; South Dakota, $1,637,627; and Vermont, $2,267,055.

Selected Highlights: The St. Albans Bay project located in northwestern Vermont on Lake Champlain is subject to increased rates of eutrophication due primarily to phosphorus pollution from both point and nonpoint sources. Excessive phosphorus and other nutrients cause undesirable growth of aquatic vegetation. This results in unpleasant odors, decreased shoreline property values, and a significant decline in water contact recreation. Currently, there are 61 active RCWP contracts out of 102 watershed farms. These contracts cover 76 percent of the critical acres, 73 percent of animal units, 73 percent of critical total phosphorus loads, and 86 percent of critical sediment loads. Most of the original contracting goals have been met or exceeded. The BMP's included in these contracts were generally those most needed to address the significant sources of agriculture nonpoint pollution, which are animal wastes, erosion, and fertilizer misuse. In general, waste management and cropland erosion control has been implemented on about 75 percent of the problem acres.

Conservation Reserve Program

Available Funds, 1989 Actual and Estimated 1990 and 1991

Item of Change	1989 Actual	1990 Estimated	1991 Estimated
Appropriation:			
Annual rental payments	$1,162,064,235	$1,455,587,000	$2,061,698,266
Cost-sharing assistance	182,255,364	301,535,000	191,908,000
Technical assistance	27,884,908	8,200,000	--
Transfers to other accounts	61,461,000 a/	--	--
Appropriation rescinded.....	75,000,000 b/	--	--
Add:			
Change in unobligated balance	+355,334,493	-754,344,000	-375,568,266
Total appropriation	1,864,000,000	1,010,978,000	1,878,038,000
Less:			
Transfer to other accounts...	-61,461,000	--	--
Appropriation rescinded......	-75,000,000	--	--
Adjusted appropriation.......	$1,727,539,000	$1,010,978,000	$1,878,038,000

Reconciliation of Program Level to Appropriation

Item of Change	1989 Actual	1990 Estimated	1991 Estimated
Annual rental payments for prior year contracts:			
Cash..........................	$1,162,064,235	$1,455,587,000	$2,061,698,266
CCC commodity certificates..	-13,508,706 c/	--	--
Total rental payments	1,148,555,529	1,455,587,000	2,061,698,266
Cost-sharing assistance	182,255,364	301,535,000	191,908,000
Technical assistance	27,884,908	8,200,000	--
Total program level	1,358,695,801	1,765,322,000	2,253,606,266
Add:			
Adjustment for CCC commodity certificates	13,508,706 c/	--	--
Change in unobligated balance	+355,334,493	-754,344,000	-375,568,266
Adjusted appropriation........	$1,727,539,000	$1,010,978,000	$1,878,038,000

a/ Reflects funds transferred to the Soil Conservation Service for technical assistance related to Food Security Act of 1985 conservation activities, in accordance with P.L. 100-460, the Agriculture Appropriations Act for fiscal year 1989.

b/ The fiscal year 1989 Dire Emergency Supplemental Appropriations Act, P.L. 101-45, rescinded $75,000,000 of the fiscal year 1989 CRP appropriation.

c/ Reflects accounting adjustments to prior year rental payments issued in certificates. This adjustment did not affect the 1989 program even though it was recorded in that year.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Reserve Program

> For necessary expenses to carry out the conservation reserve program pursuant to the Food Security Act of 1985 (16 U.S.C. 3831-3845), [$1,010,978,000] $1,878,038,000, to remain available until expended, to be used for Commodity Credit Corporation expenditures for cost-share assistance for the establishment of conservation practices provided for in approved conservation reserve program contracts, for annual rental payments provided in such contracts, and for technical assistance: Provided, That none of the funds in this Act may be used to enter into new contracts that are in excess of the prevailing local rental rates for an acre of comparable land.

Conservation Reserve Program

Appropriation Act, 1990	$1,010,978,000
Budget Estimate, 1991	1,878,038,000
Increase in Appropriation	+867,060,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Annual rental payments, cost-sharing, and technical assistance to farmers	$1,010,978,000	+$867,060,000	$1,878,038,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Actual	199 Estimated	Increase	1991 Estimated
Annual rental payments, and cost-sharing and technical assistance to farmers	$1,727,539,000	$1,010,978,000	+$867,060,000	$1,878,038,000
Total, appropriation or estimate	1,727,539,000	1,010,978,000	+867,060,000	1,878,038,000

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Annual rental payments	$1,162,064,235a/	$1,455,587,000	+$606,111,266	$2,061,698,266
Cost-sharing assistance	182,255,364	301,535,000	-109,627,000	191,908,000
Technical assistance	27,884,908	8,200,000	-8,200,000	--
Total, program level	1,372,204,507	1,765,322,000	488,284,266	2,253,606,266
Unobligated balance brought forward from prior years	-794,282,776	-1,149,617,269	+754,344,000	-395,273,269
Unobligated balance carried forward to next year	1,149,617,269	395,273,269	-375,568,266	19,705,003
Total, appropriation or estimate	1,727,539,000	1,010,978,000	+867,060,000	1,878,038,000

a/ Excludes a $13.5 million credit adjustment for annual rental payments paid in prior fiscal years with CCC commodity certificates.

EXPLANATION OF PROGRAM

The Conservation Reserve Program was established as a voluntary program to help farmers prevent or control critical soil erosion and to protect environmentally sensitive cropland. The Reserve also helps adjust the production of some surplus agricultural commodities.

The objectives of the Conservation Reserve Program (CRP) are to conserve and improve soil and water resources by establishing permanent cover on up to 45 million acres of highly erodible cropland, and to curb the production of surplus commodities by taking eligible land out of production. Program participants sign a 10-year contract agreeing to establish permanent cover of perennial grass, wildlife cover, or trees and to make a proportionate reduction in their program base acreage. In return, USDA provides annual rental payments, in cash or commodities, and provides cost-share assistance to cover half the cost of establishing the permanent cover.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on highly erodible cropland and environmentally sensitive land. It is administered through the Commodity Credit Corporation (CCC) under the general supervision of the Administrator, ASCS, and is carried out by State and local ASC committees. Farmers decide what highly erodible cropland or environmentally sensitive cropland to offer for the reserve and submit bids on the amount they would accept as an annual rental payment for a 10-year period. Farmers whose bids are accepted then enter into a 10-year contract with CCC to take eligible land out of annual crop production and put it into vegetative cover. In addition, farmers receive a one-time payment of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

In fiscal years 1988, 1989, and 1990, funds were appropriated in advance for rental, cost-sharing, and technical assistance payments. The Food Security Act of 1985 provides authority to enter into CRP contracts through the 1990 crop year. Appropriations will be requested annually to make payments through fiscal year 2000.

The Food Security Act establishes the following participation levels:

- o crop year 1986: 5-45 million acres
- o crop year 1987: 15-45 million acres, cumulative
- o crop year 1988: 25-45 million acres, cumulative
- o crop year 1989: 35-45 million acres, cumulative
- o crop year 1990: 40-45 million acres, cumulative.

1990 Program

1. Program Participation. During fiscal year 1990, the program is expected to enroll approximately 6.0 million additional acres of highly erodible cropland. These 1990 crop acres, together with the 4.1 million 1990 crop acres enrolled in fiscal year 1989, would bring crop year 1990 enrollment to approximately 10.1 million acres. This participation level during fiscal year 1990 would meet the minimum enrollment requirement of 40 million acres established by the Act.

2. Eligibility. To be eligible to enter a CRP contract, an applicant must:

    -- be an individual, partnership, association, corporation, estate, trust, other business enterprise or legal entity, or State or local subdivision of a State owning or operating State or local croplands.

    -- own or operate eligible cropland that

        o has been planted to an agricultural commodity in at least two of the five years 1981 through 1985.

        o meets the definition of highly erodible land announced by the Secretary for CRP purposes, or be adjacent to certain specified types of waterbodies, or a cropped wetland.

-- implement an approved conservation plan.

-- refrain from grazing or harvesting any crops from the land enrolled in CRP.

-- reduce the aggregate total of acreage bases, allotments, and quotas for the contract period by an amount based on the ratio of the total cropland acreage and the total acreage subject to the CRP contract.

3. Annual Rental Payments. Annual rental payments, subject to compliance certification, are made after October 1 of the effective year of the contract. Rental payments due in fiscal year 1990 for crop years 1986, 1987, 1988, and 1989 rental agreements were made in late October 1989, and were paid entirely in cash.

4. Cover Practices. Farm owners and operators receive one-time cost-sharing payments for 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

5. Technical Assistance. The technical services of the Soil Conservation Service, Forest Service, and other appropriate agencies are used to carry out the CRP. The SCS determines eligibility of land and assists farmers in preparing conservation plans. The Forest Service and cooperating State forestry agencies help plan and install practices involving trees.

6. New Conservation Measures. Under the Disaster Assistance Act of 1989, owners or operators were authorized to hay or graze during the 1989 crop year, on designated CRP acreage. Those whose fiscal year 1989 CRP annual rental payment was reduced and those who prepaid the payment reduction for the emergency use of CRP acres are now eligible for CRP cost-share assistance of 50 percent of the cost of carrying out new designated conservation practices. Approved practices must be completed on or before September 30, 1990.

JUSTIFICATION OF INCREASE

An increase of $867,060,000 in appropriation for estimated expenditures for annual rental payments and cover costs due in fiscal year 1991 ($1,010,978,000 available in fiscal year 1990).

Need for Change. In order to make payments for commitments incurred by the Federal Government under Conservation Reserve Program contracts, in accordance with the provisions of the Food Security Act of 1985, funds are needed to make program payments due in fiscal year 1991 only. These funds would be used to make all cash payments for establishing vegetative cover and making annual rental payments coming due in fiscal year 1991. The increased 1991 appropriation request is larger than the increase in 1991 estimated program costs due to a significantly lower unobligated funds balance available for use in 1991.

The 1991 appropriation request and the estimated unobligated balance available would fund approximately $192 million in cover costs which would be payable in fiscal year 1991 on previously enrolled crop acres and projected annual rental payments of $2.062 billion due in fiscal year 1991 on 1986, 1987, 1988, 1989, and 1990-crop acres. Total program payments in fiscal year 1991 are based on a 40 million acre enrollment, as authorized by the Food Security Act of 1985. The provisions of the Act direct that not less than 40 million acres nor more than 45 million acres be enrolled during the 1986 through 1990 crop years.

The decrease in cover costs of almost $110 million in fiscal year 1991 is due to a revised cost distribution pattern which now projects outlays for crop year cover costs over a period of five fiscal years rather than three, lower payment rates, and the fact that more cover will be established in fiscal year 1990 to compensate for lower than anticipated cover costs in fiscal year 1989 due to 1989 crop drought conditions. The estimated increase of $606 million in rental payments, from $1.456 billion in fiscal year 1990 to $2.062 billion in fiscal year 1991, is due to new rental payments on the estimated 10.1 million 1990-crop acres that will be due for the first time in fiscal year 1991.

Nature of Change. The fiscal year 1991 appropriation request of $1.878 billion, together with the estimated $395.3 million in unobligated balances brought forward from fiscal year 1990, would provide: $192 million for cost-sharing practices to establish cover on acres in fiscal year 1991, and $2.062 billion for cash rental payments for 1986, 1987, 1988, 1989, and 1990-crop acreage contracts signed during fiscal years 1986, 1987, 1988, 1989, and 1990. No CCC commodity certificates were used to pay rental payments in fiscal year 1990 and none are proposed in fiscal year 1991.

The fiscal year 1991 appropriation request would continue to support the CRP objectives of conserving the nation's soil and water resources by keeping highly erodible, marginally productive cropland out of production and improving wildlife habitat.

The following table shows actual CRP enrollment through fiscal year 1989 and additional enrollment for fiscal year 1990 which would be financed by this budget request (in millions of acres):

Crop Year	Actual FY 1986	Actual FY 1987	Actual FY 1988	Actual FY 1989	Estimated FY 1990	Crop Ye Total
1986	2.04	--	--	--	--	2.04
1987	6.19	7.48	--	--	--	13.67
1988	--	6.44	2.32	--	--	8.76
1989	--	--	3.66	1.69	--	5.35
1990	--	--	--	4.10	6.08	10.18
Total	8.23	13.92	5.98	5.79	6.08	40.00

Conservation Reserve Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	$21,573,083	$27,790,179	
Alaska	1,014,542	1,116,244	
Arizona	(4,700)	0	
Arkansas	8,851,042	13,102,004	
California	7,465,897	8,729,010	
Colorado	76,868,502	94,627,143	
Connecticut	0	0	
Delaware	40,711	93,827	
Florida	4,572,224	6,242,038	
Georgia	22,686,705	35,249,749	
Guam	0	0	
Hawaii	0	6,800	
Idaho	30,822,442	37,451,426	
Illinois	31,278,956	46,801,325	
Indiana	16,432,004	25,790,131	
Iowa	121,533,505	154,517,550	
Kansas	136,015,516	182,437,132	
Kentucky	21,736,338	25,282,474	
Louisiana	4,107,765	5,857,197	
Maine	1,634,244	2,204,591	
Maryland	660,062	1,294,172	
Massachusetts	675	1,520	
Michigan	7,977,520	11,389,947	
Minnesota	87,559,144	105,714,410	
Mississippi	24,503,859	30,963,297	
Missouri	84,395,318	99,098,548	
Montana	81,608,087	111,659,129	
Nebraska	61,470,686	78,272,085	
Nevada	128,976	84,580	
New Hampshire	0	0	
New Jersey	19,692	30,524	
New Mexico	18,825,911	20,385,243	
New York	2,521,779	3,307,592	
North Carolina	5,697,747	7,739,653	
North Dakota	69,724,096	107,803,898	
N. Mariana Islands	0	0	
Ohio	10,122,409	15,898,631	
Oklahoma	42,488,969	53,022,850	
Oregon	25,585,397	28,161,227	
Pennsylvania	3,711,711	5,451,496	
Puerto Rico	23,567	22,349	
Rhode Island	0	0	
South Carolina	9,815,187	13,439,213	
South Dakota	43,367,847	70,611,465	
Tennessee	20,123,487	25,427,524	
Texas	139,587,644	179,939,693	
Utah	9,087,030	10,131,502	
Vermont	11,507	9,370	
Virginia	2,841,251	4,101,641	
Virgin Islands	0	0	
Washington	47,484,848	55,816,515	
West Virginia	28,065	34,382	
Wisconsin	29,337,938	39,473,278	
Wyoming	8,862,995	10,537,453	
Undistributed	116,919	0	2,253,606,266
ASCS Subtotal	1,344,319,599	1,757,122,000	2,253,606,266
SCS Tech. Assistance	25,756,851	6,100,000	0
FS Tech. Assistance	2,128,057	2,100,000	0
Total, Available or Estimate	$1,372,204,507	$1,765,322,000	$2,253,606,366

Note: Negative amount represents an accounting error which will be corrected in FY 1990.

CONSERVATION RESERVE PROGRAM

STATUS OF PROGRAM

Current Activities. The CRP is operated by State and local ASC committees, with technical assistance provided by appropriate agencies. The program is authorized in all 50 States, Puerto Rico, and the Virgin Islands on approximately 101.5 million acres of cropland that meet one of the following eligibility criteria:

-- have an erosion rate in excess of three times the soil loss tolerance on land classes II-V

-- have gully erosion with erosion greater than twice the soil loss tolerance on land classes II-V

-- belong to land classes VI, VII, or VIII regardless of the current rate of erosion

-- have an erodibility index equal to or greater than 8 for wind and water erosion and an erosion rate in excess of the soil loss tolerance rate

-- have an erosion rate of twice the soil loss tolerance and a predominance of 33 1/3 percent if the area is planted to trees

-- have a strip of land 66 to 99 feet wide adjacent to a perennial stream or waterbody, if the land meets cropping history requirements

-- have cropped wetlands or acres subject to scour erosion.

Activities of the CRP in fiscal year 1989 include the following:

1. Cover Practices. Fourteen practices are authorized in the National program to encourage farmers to establish a diverse mixture of perennial grasses or trees and shrubs to achieve permanent vegetative cover on highly erodible cropland. The major practices are:

   -- Establishment of permanent introduced grasses and legumes
   -- Establishment of permanent native grasses
   -- Tree planting
   -- Permanent wildlife habitat
   -- Filter strips
   -- Establishment of bottomland hardwood on wetlands.

   Other practices, such as diversions and waterways, are cost-shared only when needed to ensure establishment of the permanent cover.

2. Contracts. Farm owners or operators enter into a contract to convert eligible land to vegetative cover. Contracts with USDA are based on farm owners' and operators' bids per acre and the number of acres that are placed under a 10-year contract.

3. Payments. Under the Food Security Act of 1985, payments are authorized to be made in cash or CCC commodity certificates in accordance with the terms of the contract. In fiscal year 1989, the following payments were made:

-- Cost-sharing - Payments equal to 50 percent of the cost of establishing permanent cover are made in cash after certification by the farmer that work has been completed. In addition, if disease, drought, or other natural disasters cause failure in the establishment of protective cover, the cost of reestablishment will be shared. Cost-share payments of $182.3 million were made in fiscal year 1989.

-- Annual rental payments - Up to $50,000 per year is paid to farm owners and operators for converting eligible land to conservation use. In fiscal year 1989 rental payments of $1.162 billion were paid in cash.

4. Technical Assistance. The SCS determines eligibility, develops conservation plans, and helps install approved practices. The Forest Service and cooperating State forestry agencies develop plans for tree planting and assist in carrying them out. The Extension Service provides information and educational assistance to inform landowners and operators about the program. Local soil and water conservation districts approve conservation plans. To ensure maximum program benefits, USDA consults with land grant universities, State soil and water agencies, State fish and wildlife agencies, the U.S. Fish and Wildlife Service, and others. Technical assistance payments in fiscal year 1989 were $2.128 million to Forest Service and $25.751 million to Soil Conservation Service.

Selected Examples of Recent Progress.

-- Participation. During fiscal year 1989, two signup periods were held (the eighth and ninth signups). Final bid data shows that 28,779 bids were accepted in the eighth signup and 34,815 in the ninth signup. Cumulative accepted bids total 334,941 through the ninth signup.

-- Acreage. Approximately 3.2 million acres of highly erodible cropland were accepted during the eighth signup. Acres accepted for the ninth signup total approximately 3.3 million acres. Cumulative enrollment through the ninth signup is approximately 33.9 million acres, comprised of 2.0 million 1986-crop acres, 13.7 million 1987-crop acres, 8.7 million 1988-crop acres, 5.4 million 1989-crop acres, and 4.1 million 1990-crop acres.

-- Base Acreage Reduction. During the eighth signup, CRP contracts with farmers resulted in reduction to commodity bases of approximately 1.6 million acres. Ninth signup data show reduction to commodity bases of approximately 2.2 million acres. Cumulative base acre reduction through the ninth signup totals approximately 21.8 million acres or about 64 percent of total enrolled acres.

-- Tree Planting Acreage. During the eighth signup, approximately 204,000 acres of highly erodible cropland were designated for tree planting. Ninth signup final bid data indicate that approximately 219,000 additional acres are designated for tree planting. Cumulative acres designated for tree planting through the ninth signup total approximately 2.2 million acres, 6.4 percent of total enrolled acres.

-- Soil Erosion Reduction. In total, the 33.9 million acres enrolled through the ninth signup are expected to save approximately 680 million tons of soil annually when the land is in permanent cover.

-- Wetland and Scour Erosion. Eligibility requirements were changed in the eighth signup to allow the enrollment of cropped wetlands and areas subject to scour erosion. In the eighth signup approximately 156,000 acres of cropped wetland and 64,000 acres of land subject to scour erosion were enrolled. In the ninth signup approximately 254,000 acres of cropped wetland and 80,000 acres of land subject to scour erosion were enrolled.

-- Water Quality Benefits. During the eighth signup 10,465 acres of filter strips were enrolled on land adjacent to a perennial stream or water body. Ninth signup data indicate that 8,718 acres of filter strips were enrolled on similar land.

The following tables provide (1) a national summary of CRP activity in fiscal year 1989 by State and by crop year; (2) a summary of acres enrolled, base acres reduction, tree acres, and expected annual erosion reduction by State through fiscal year 1989; and (3) acres of commodity base enrolled through fiscal year 1989.

[illegible]

Conservation Reserve Program
Fiscal Year 1989 National Summary—09-30-89

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Table 1

State	Rental Payment: Cash	In-Kind	Cash Bonus In-Kind	Subtotal	Other Payments: Cost Share	Tech. Assist.	Liq. Damages	Total Payments
Connecticut	0	0	0	0	0			0
Delaware	[illegible]	0	0	[illegible]	[illegible]			[illegible]
Maine	[illegible]	6,721	0	[illegible]	[illegible]			[illegible]
Maryland	[illegible]	[illegible]	0	[illegible]	[illegible]			[illegible]
Massachusetts	0	0	0	[illegible]	0			[illegible]
New Hampshire	0	0	0	0	0			0
New Jersey	[illegible]	0	0	[illegible]	[illegible]			[illegible]
New York	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Pennsylvania	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Rhode Island	0	0	0	0	0			0
Vermont	[illegible]	[illegible]	0	[illegible]	0			[illegible]
West Virginia	[illegible]	[illegible]	0	[illegible]	3,937			[illegible]
NORTHEAST AREA	7,332,486	(32,443)	(31,960)	7,278,052	1,296,461	0	0	8,574,513
Illinois	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Indiana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Iowa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Michigan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Minnesota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Missouri	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Ohio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Wisconsin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
MIDWEST AREA	355,395,413	(12,419,840)	1,130,889	344,105,870	33,040,981	0	0	377,147,851
Alabama	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Arkansas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Florida	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Georgia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Kentucky	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Louisiana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Mississippi	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
North Carolina	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Puerto Rico	[illegible]	0	[illegible]	[illegible]	[illegible]			[illegible]
South Carolina	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Tennessee	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Virginia	2,365,583	5,772	[illegible]	2,377,477	[illegible]			[illegible]
Virgin Island	0	0	0	0	0			0
SOUTHEAST AREA	122,443,455	53,339	96,285	122,593,427	24,088,602	0	0	146,682,029
Alaska	[illegible]	[illegible]	0	[illegible]	[illegible]			[illegible]
Idaho	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Montana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Nebraska	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
North Dakota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Oregon	[illegible]	[illegible]	0	[illegible]	[illegible]			[illegible]
South Dakota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Washington	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Wyoming	[illegible]	[illegible]	0	[illegible]	[illegible]			[illegible]
NORTHWEST AREA	319,528,789	(2,355,287)	62,574	317,236,080	50,412,157	0	0	367,648,247
Arizona	(4,700)	0	0	(4,700)	0			(4,700)
California	[illegible]	[illegible]	0	[illegible]	[illegible]			[illegible]
Colorado	[illegible]	[illegible]	3,192	[illegible]	[illegible]			[illegible]
Hawaii	0	0	0	0	0			0
Kansas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Nevada	[illegible]	0	0	[illegible]	[illegible]			[illegible]
New Mexico	[illegible]	[illegible]	0	[illegible]	[illegible]			[illegible]
Oklahoma	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Texas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Utah	[illegible]	[illegible]	0	[illegible]	[illegible]			[illegible]
SOUTHWEST AREA	357,134,916	(16,430)	285,175	357,403,655	73,328,829	0	0	430,732,484
TOTAL AREAS	1,162,035,650	(14,870,479)	1,582,920	1,148,618,094	182,167,430	0		1,330,785,124
SCS T/A	0	0			0	[illegible]		[illegible]
FS T/A	0	0			0	[illegible]		[illegible]
ES T/A	0	0			0	0		0
Undist.	[illegible]	(17,600)	[illegible]	(60,600)	[illegible]			27,738
TOTAL PROGRAM	1,162,064,235	(14,988,080)	1,461,335	1,148,557,488	182,255,764	27,884,908	0	1,358,697,780

Note: Negative rental payments represent the impact of refunds, cash redemption of CCC certificates, and payments for noncompliance by farmers

State	No. Farms & Contracts	Acres Accepted	Contract Amount: Annual Rental	Contract Amount: Estimated Cost Share	Contract Amount: Total	Rental Payments: Cash	Rental Payments: In-Kind	Rental Payments: Subtotal	Other Payments: Cost Share	Other Payments: Tech. Assist.	Other Payments: Liq. Damages	Total Payments
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
NORTHEAST AREA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
MIDWEST AREA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0	0	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
SOUTHEAST AREA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0	0	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
NORTHWEST AREA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0	0	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
SOUTHWEST AREA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]	0	0	[illegible]
TOTAL STATES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0	0	[illegible]
[illegible]	0	0		0						0		0
TOTAL PROGRAM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0	0	[illegible]

Note: Negative rental payments represent the impact of refunds, cash redemption of CCC certificates, and payments for noncompliance by farmers.

Table 1
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Crop Year 1987 Conservation Reserve Program
Fiscal Year 1988 [illegible]

State	No. Farms & Contracts	Acres Accepted	Contract Amount: Annual Rental	Contract Amount: CCC Bonus	Contract Amount: Estimated Cost Share	Contract Amount: Total	Rental Payments: Cash	Rental Payments: In-Kind	Rental Payments: [illegible] In-Kind	Rental Payments: [illegible]	Other Payments: Cost Share	Other Payments: [illegible]	Other Payments: [illegible]	Total
Connecticut	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]								
Delaware	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]			[illegible]
Maine	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
Maryland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
Massachusetts	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]		[illegible]		[illegible]				[illegible]
New Hampshire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				[illegible]				[illegible]
New Jersey	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]				[illegible]
New York	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Pennsylvania	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Rhode Island	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				[illegible]				[illegible]
Vermont	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]				[illegible]
West Virginia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]				[illegible]
NORTHEAST AREA	1,475	64,644	3,460,835	2,552,444	3,380,354	9,339,633	3,411,425	(42,313)	(21,988)	3,347,118	93,181			3,440,299
Illinois	4,853	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Indiana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Iowa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Michigan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Minnesota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Missouri	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Ohio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Wisconsin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
MIDWEST AREA	53,659	3,712,389	247,487,231	221,764,857	135,238,857	604,420,883	243,337,480	(12,244,157)	1,135,880	232,314,223	3,051,737	0	0	235,365,960
Alabama	3,354	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
Arkansas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
Florida	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
Georgia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Kentucky	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Louisiana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Mississippi	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
North Carolina	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Puerto Rico	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]				[illegible]
South Carolina	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Tennessee	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Virginia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Virgin Island	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]				[illegible]
SOUTHEAST AREA	27,578	1,543,327	72,246,122	21,573,284	54,218,426	148,038,761	69,894,526	(98,604)	5,285	69,801,207	1,903,640	0	0	71,704,836
Alaska	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]				[illegible]
Idaho	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Montana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Nebraska	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
North Dakota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Oregon	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
South Dakota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Washington	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
Wyoming	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
NORTHWEST AREA	18,073	3,665,883	161,380,478	48,815,884	112,123,887	322,320,249	157,925,025	(2,364,474)	82,574	155,483,115	6,901,715	0	0	162,384,830
Arizona	0	0	0	0	0	0				0				0
California	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
Colorado	2,[illegible]	[illegible]	[illegible]	3,007,[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3,132	[illegible]	3,[illegible]			[illegible]
Hawaii	0	0	0	0	0	0				0				0
Kansas	8,[illegible]	873,[illegible]	45,389,977	6,738,277	31,322,1[illegible]	83,[illegible]	44,973,326	(229,321)	(48,588)	44,695,[illegible]	3,[illegible]			48,[illegible]
Nevada	0	0	0	0	0	0				0				0
New Mexico	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
Oklahoma	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	([illegible])	[illegible]	[illegible]			[illegible]
Texas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	330,[illegible]	[illegible]	[illegible]			[illegible]
Utah	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
SOUTHWEST AREA	23,532	4,683,326	159,343,786	22,482,423	208,161,925	430,189,227	187,076,882	(84,430)	285,175	187,345,621	13,489,670	0	0	210,065,291
TOTAL AREAS	124,915	13,669,549	664,282,522	328,239,487	514,046,457	1,526,568,545	671,715,724	(14,886,188)	1,352,823	658,322,483	25,548,982	0	0	683,882,425
[illegible] TA	0	0	0			0								
[illegible] TA	0	0	0			0								
[illegible] TA	0	0	0			0								
[illegible] TA	0	0	0			0						0		
[illegible]						0				0				0
TOTAL PROGRAM	124,915	13,669,549	664,282,522	328,239,487	514,046,457	1,526,568,545	671,715,724	(14,886,188)	1,352,823	658,322,483	25,548,982	0	0	683,882,425

Note: Negative rental payments represent the impact of refunds, cash redemption of CCC commodity certificates, and payments for noncompliance by farmers.

Table 1
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Crop Year 1989 Conservation Reserve Program
Fiscal Year 1989 National Summary—9-30-89

State	No. Farms & Contracts	Acres Accepted	Contract Amount: Annual Rental	Contract Amount: Estimated Cost Share	Contract Amount: Total	Rental Payments: Cash	Rental Payments: In-Kind	Rental Payments: Subtotal	Other Payments: Cost-Share	Other Payments: Tech. Assist.	Other Payments: Liq. Damages	Total Payments
Connecticut					0			0				0
Delaware	7	613	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Maine	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Maryland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Massachusetts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				[illegible]
New Hampshire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				[illegible]
New Jersey	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
New York	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Pennsylvania	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Rhode Island					0			0				0
Vermont	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				[illegible]
West Virginia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	1,748			1,748
NORTHEAST AREA	595	42,624	2,720,187	2,280,[illegible]	5,000,034	0	0	0	848,482			848,482
Illinois	3,682	145,948	11,775,584	[illegible]	[illegible]			0	2,[illegible]			2,[illegible]
Indiana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Iowa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Michigan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Minnesota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Missouri	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Ohio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Wisconsin	[illegible]	107,[illegible]	7,[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
MIDWEST AREA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0	0	0	20,573,389	0	0	20,573,389
Alabama	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	1,[illegible]			1,[illegible]
Arkansas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Florida	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Georgia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	3,[illegible]			3,[illegible]
Kentucky	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Louisiana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Mississippi	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
North Carolina	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Puerto Rico					0			0				0
South Carolina	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Tennessee	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	1,[illegible]			1,[illegible]
Virginia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	234,[illegible]			234,[illegible]
Virgin Island					0			0				0
SOUTHEAST AREA	7,208	624,045	29,337,180	52,080,344	81,397,524	0	0	0	11,049,081	0	0	11,049,081
Alaska	1,[illegible]	[illegible]	4,[illegible]	8,[illegible]	12,[illegible]			0				0
Idaho	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	1,[illegible]			1,[illegible]
Montana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Nebraska	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
North Dakota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Oregon	[illegible]	[illegible]	[illegible]	[illegible]	1,974,[illegible]			0	[illegible]			[illegible]
South Dakota	3,[illegible]	[illegible]	[illegible]	13,[illegible]	34,[illegible]			0	4,[illegible]			4,[illegible]
Washington	[illegible]	[illegible]	[illegible]	[illegible]	7,[illegible]			0	1,[illegible]			1,[illegible]
Wyoming	[illegible]	22,[illegible]	[illegible]	[illegible]	1,[illegible]			0	271,512			271,512
NORTHWEST AREA	[illegible]	2,221,487	92,359,372	48,463,625	140,822,997		0	0	27,133,145	0	0	27,133,145
Arizona					0			0				0
California	67	18,940	[illegible]	[illegible]	1,280,[illegible]			0	[illegible]			[illegible]
Colorado	610	158,905	6,781,046	[illegible]	15,345,615			0	1,[illegible]			1,[illegible]
Hawaii					0			0				0
Kansas	5,382	477,[illegible]	[illegible]	20,734,[illegible]	[illegible]			0	8,022,712			8,022,712
Nevada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				0
New Mexico	[illegible]	14,[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Oklahoma	1,[illegible]	[illegible]	[illegible]	5,[illegible]	[illegible]			0	2,[illegible]			2,[illegible]
Texas	3,[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	9,[illegible]			9,[illegible]
Utah	95	17,[illegible]	546,335	[illegible]	[illegible]			0	113,442			113,442
SOUTHWEST AREA	[illegible]	1,358,784	[illegible]	[illegible]	127,927,[illegible]	0	0	0	21,981,982	0	0	21,981,982
TOTAL AREAS	36,336	5,354,640	287,545,42[illegible]	213,212,932	500,758,353	0	0	0	[illegible]	0	0	[illegible]
[illegible] C/A	0	0		0						0	0	0
[illegible] C/A	0	0		0						0	0	0
[illegible] C/A	0	0		0						0	0	0
Undistributed	0			0	0			0				0
TOTAL PROGRAM	36,336	5,354,640	287,545,42[illegible]	213,212,932	500,758,353	0	0	0	[illegible]	0	0	[illegible]

Crop Year 19[illegible] Conservation Reserve Program
Fiscal Year 19[illegible] National Summary—[illegible]

Table 1
Page 1

			Contract Amount			Rental Payments			Other Payments			
State	No. Farms & Contracts	Acres Accepted	Annual Rental	Estimated Cost Share	Total	Cash	In-Kind	Advanced	Cost-Share	Tech. Assist.	Liq. Damages	Total Payments
Connecticut					0			0				0
Delaware	4	119	[illegible]	[illegible]	[illegible]			0				0
Maine	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				0
Maryland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				0
Massachusetts					0			0				0
New Hampshire					0			0				0
New Jersey	7	[illegible]	[illegible]	[illegible]	[illegible]			0				0
New York	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	4,835			4,835
Pennsylvania	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				0
Rhode Island					0			0				0
Vermont					0			0				0
West Virginia	2	14	[illegible]	275	1,133			0				0
NORTHEAST AREA	[illegible]	21,539	1,489,722	[illegible]	2,482,732	0	0	0	4,835			4,835
Illinois	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Indiana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Iowa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Michigan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Minnesota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Missouri	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Ohio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Wisconsin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
MIDWEST AREA	14,333	[illegible]	[illegible]	[illegible]	[illegible]	0	0	0	[illegible]	0	0	[illegible]
Alabama	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Arkansas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Florida	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				0
Georgia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Kentucky	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Louisiana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Mississippi	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
North Carolina	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Puerto Rico					0			0				0
South Carolina	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Tennessee	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Virginia	[illegible]	7,535	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Virgin Island					0			0				0
SOUTHEAST AREA	5,218	311,174	14,734,289	12,995,294	27,729,583	0	0	0	37,189	0	0	37,189
Alaska	3	[illegible]	[illegible]	[illegible]	[illegible]			0				0
Idaho	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Montana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Nebraska	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
North Dakota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Oregon	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				0
South Dakota	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Washington	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Wyoming	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
NORTHWEST AREA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		0	0	[illegible]	0	0	[illegible]
Arizona					0			0				0
California	[illegible]	7,280	[illegible]	[illegible]	[illegible]			0				0
Colorado	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	33,907			33,907
Hawaii					0			0				0
Kansas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Nevada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				0
New Mexico	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				0
Oklahoma	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Texas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0	[illegible]			[illegible]
Utah	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			0				0
SOUTHWEST AREA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0	0	0	[illegible]	0	0	[illegible]
TOTAL AREAS	36,111	[illegible]	[illegible]	[illegible]	[illegible]	0	0	0	[illegible]	0	0	[illegible]
[illegible]	0	0	0	0						[illegible]	0	[illegible]
[illegible]	0	0	0	0						[illegible]	0	[illegible]
[illegible]	0	0	0	0						0		0
Undistributed					0			0				0
TOTAL PROGRAM	36,111	[illegible]	[illegible]	[illegible]	[illegible]	0	0	0	[illegible]	[illegible]	0	[illegible]

Table 2

[illegible]

State	Acres Enrolled	[illegible] Acres Reduction	Tree Acres	Erosion Reduced (Tons/Year)
Connecticut	[illegible]	[illegible]	[illegible]	[illegible]
Delaware	[illegible]	[illegible]	[illegible]	[illegible]
Maine	[illegible]	[illegible]	[illegible]	[illegible]
Maryland	[illegible]	[illegible]	[illegible]	[illegible]
Massachusetts	[illegible]	[illegible]	[illegible]	[illegible]
New Hampshire	[illegible]	[illegible]	[illegible]	[illegible]
New Jersey	[illegible]	[illegible]	[illegible]	[illegible]
New York	[illegible]	[illegible]	[illegible]	[illegible]
Pennsylvania	[illegible]	[illegible]	[illegible]	[illegible]
Rhode Island	[illegible]	[illegible]	[illegible]	[illegible]
Vermont	[illegible]	[illegible]	[illegible]	[illegible]
West Virginia	[illegible]	[illegible]	[illegible]	[illegible]
NORTHEAST AREA	[illegible]	[illegible]	[illegible]	[illegible]
Illinois	[illegible]	[illegible]	[illegible]	[illegible]
Indiana	[illegible]	[illegible]	[illegible]	[illegible]
Iowa	[illegible]	[illegible]	[illegible]	[illegible]
Michigan	[illegible]	[illegible]	[illegible]	[illegible]
Minnesota	[illegible]	[illegible]	[illegible]	[illegible]
Missouri	[illegible]	[illegible]	[illegible]	[illegible]
Ohio	[illegible]	[illegible]	[illegible]	[illegible]
Wisconsin	[illegible]	[illegible]	[illegible]	[illegible]
MIDWEST AREA	[illegible]	[illegible]	[illegible]	[illegible]
Alabama	[illegible]	[illegible]	[illegible]	[illegible]
Arkansas	[illegible]	[illegible]	[illegible]	[illegible]
Florida	[illegible]	[illegible]	[illegible]	[illegible]
Georgia	[illegible]	[illegible]	[illegible]	[illegible]
Kentucky	[illegible]	[illegible]	[illegible]	[illegible]
Louisiana	[illegible]	[illegible]	[illegible]	[illegible]
Mississippi	[illegible]	[illegible]	[illegible]	[illegible]
North Carolina	[illegible]	[illegible]	[illegible]	[illegible]
Puerto Rico	[illegible]	[illegible]	[illegible]	[illegible]
South Carolina	[illegible]	[illegible]	[illegible]	[illegible]
Tennessee	[illegible]	[illegible]	[illegible]	[illegible]
Virginia	[illegible]	[illegible]	[illegible]	[illegible]
Virgin Island	[illegible]			0
SOUTHEAST AREA	[illegible]	[illegible]	[illegible]	[illegible]
Alaska	[illegible]	[illegible]		[illegible]
Idaho	[illegible]	[illegible]	[illegible]	[illegible]
Montana	[illegible]	[illegible]	[illegible]	[illegible]
Nebraska	[illegible]	[illegible]	[illegible]	[illegible]
North Dakota	[illegible]	[illegible]	[illegible]	[illegible]
Oregon	[illegible]	[illegible]	[illegible]	[illegible]
South Dakota	[illegible]	[illegible]	[illegible]	[illegible]
Washington	[illegible]	[illegible]	[illegible]	[illegible]
Wyoming	[illegible]	[illegible]	0	[illegible]
NORTHWEST AREA	[illegible]	[illegible]	[illegible]	[illegible]
Arizona			0	0
California	[illegible]	[illegible]	[illegible]	[illegible]
Colorado	[illegible]	[illegible]	[illegible]	[illegible]
Hawaii	[illegible]		[illegible]	[illegible]
Kansas	[illegible]	[illegible]	[illegible]	[illegible]
Nevada	[illegible]	[illegible]	0	[illegible]
New Mexico	[illegible]	[illegible]	0	[illegible]
Oklahoma	[illegible]	[illegible]	[illegible]	[illegible]
Texas	[illegible]	[illegible]	[illegible]	[illegible]
Utah	[illegible]	[illegible]	0	[illegible]
SOUTHWEST AREA	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL PROGRAM	[illegible]	[illegible]	[illegible]	[illegible]

Table 3

Conservation Reserve Program
Acres of Commodity Base Enrolled through Fiscal Year 1989

Commodity	Base Acres
Wheat	10,275,842
Corn	3,780,246
Upland Cotton	1,304,153
ELS Cotton	597
Oats	1,291,536
Barley	2,732,399
Sorghum	2,359,090
Rice	12,845
Peanut	6,075
Miscellaneous	696
Total Acres	21,763,479

PASSENGER MOTOR VEHICLES

The 1991 Budget Estimates propose the purchase of four passenger motor vehicles to replace agency-owned vehicles which are used primarily by the ASCS County Executive Directors in Puerto Rico and Hawaii. Because of the mountainous areas, a great number of farms cannot be reached by paved roads and access to such farms is mainly dirt roads or paths. During the rainy seasons, such farms are inaccessible except to four-wheel drive vehicles. Even under favorable conditions in Puerto Rico and Hawaii, jeeps are needed to reach the fields on individual farms.

Without adequate vehicles, essential farmer contact necessitated by program requirements cannot be maintained by the ASCS county offices.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1989, are as follows:

Age Data			Mileage Data		
Age-Year Model	Number of Vehicles	Percent of Total	Lifetime Mileage (thousands)	Number of Vehicles	Percent of Total
1985 Jeep (CJ-7)	4	57	40-60	4	57
1988 Jeep (Cherokee)	1	14	40-60	1	14
1989 Jeep	2	29	40-60	2	29
TOTAL	7	100	TOTAL	7	100

COMMODITY CREDIT CORPORATION

Purpose Statement

The Commodity Credit Corporation (CCC) is a wholly-owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by CCC are support programs for agricultural commodities. These include the storage, handling, and disposition of commodities acquired under the various programs; and set-aside or acreage reduction, loan deficiency, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; certificate programs; a conservation reserve program; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480), which are financed by appropriations authorized by statutes providing for these activities. Under section 4(a) of the Food for Peace Act of 1966, as amended, CCC may finance short-term export credit sales on credit terms not to exceed three years under the Export Credit Sales Program. The Corporation is also authorized by section 4(b) of the Food for Peace Act of 1966, as amended, to finance intermediate-term export credit sales in excess of three years, but not more than 10 years. The Corporation is also authorized under its charter authority to enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture. The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service (ASCS) and the Agricultural Stabilization and Conservation (ASC) State and county committees. The General Sales Manager, the Foreign Agricultural Service, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

ASCS administers CCC's activities through its headquarters offices in Washington, D.C., and the Kansas City field offices.

The ASC State and county committees carry out certain support and related activities of the Corporation within the States and counties. There are 50 State offices, an insular area office in Puerto Rico, and approximately 2,800 county offices. The ASC State committees supervise the activities of the ASC county committees in their respective States.

FINANCING

Borrowing Authority

The Corporation has an authorized capital stock of $100 million held by the United States, with the authority to have outstanding borrowings of up to $30 billion at any one time. P.L. 95-279, approved May 15, 1978, increased the statutory borrowing authority to $25 billion from $20 billion, to the extent provided in appropriation acts. The fiscal year 1982 supplemental appropriation act, P.L. 97-257, increased the availability to $25 billion. The fiscal year 1988 appropriation act, P.L. 100-202, increased the statutory borrowing authority to $30 billion.

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies and others. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Reservation of borrowing authority for these purposes has not been required for many years.

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest may also be paid on other notes and obligations at a rate prescribed by the Commodity Credit Corporation and approved by the Secretary of the Treasury.

The Department of Agriculture and Related Agencies Appropriation Act, 1966, made provision for terminating interest after June 30, 1964, on the portion of the Corporation's borrowings from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after the end of the fiscal year in which such losses are realized.

Contract Authority

Support and other programs required by statute may result in the Corporation's incurring obligations in excess of available funds or borrowing authority. Such obligations are liquidated from subsequent appropriations and other funds which may become available to the Corporation. Any increase in obligations in excess of available fund resources is reported as contract authority in the year involved; a decrease is reported as the application of appropriations and other funds to liquidate the contract authority.

Appropriations

Reimbursement for net realized losses

Under Public Law 87-155 (15 U.S.C. 713a-11, 713a-12), annual appropriations were authorized for each fiscal year, commencing with fiscal year 1961, to reimburse the Corporation for net realized losses. The Omnibus Budget Reconciliation Act of 1987 amended Public Law 87-155 to authorize that the Corporation be reimbursed for its net realized losses by means of a current, indefinite appropriation.

Operating Expenses

Under Public Law 100-202, enacted December 22, 1987, CCC was provided an appropriation for Operating Expenses in fiscal year 1988 in lieu of the long-standing appropriation for Net Realized Losses. The appropriation was subdivided into specific spending authorizations for 17 individual CCC programs and activities, and included authority to transfer up to 7 percent of the amount available for any program to any other program in accordance with existing law. The fiscal year 1989 and fiscal year 1990 appropriations were made on a net realized loss basis.

National Wool Act

Under section 705 of the National Wool Act, as amended (7 U.S.C. 1781-1787), a permanent appropriation is made to reimburse the Corporation for amounts expended during the preceding fiscal year and for amounts expended in prior fiscal years not previously reimbursed. This appropriation may not exceed 70 percent of the gross receipts from duties collected on wool and wool manufactures during the immediately preceding calendar year.

The fiscal year 1988 appropriation act, P.L. 100-202, provided that $126,108,000 of the CCC Operating Expenses appropriation be used for expenditures of the wool program. These advance wool funds were applied to fiscal year 1988 expenditures and reduced the amount which was appropriated under Section 705 in fiscal year 1989.

Available Funds: 1989 Actual and Estimated 1990 and 1991

Item	1989 Actual	1990 Estimated	1991 Estimated
Commodity Credit Corporation:			
Support and related programs:			
Reimbursement for net realized losses............	$8,828,286,000	$4,233,000,000	$6,100,000,000 a/
Operating expenses..........	---	---	---
Total support and related...	8,828,286,000	4,233,000,000	6,100,000,000
Reimbursement to CCC, National Wool Act............	4,527,000	93,485,000	121,316,000
Total Commodity Credit Corporation	$8,832,813,000	$4,326,485,000	$6,221,316,000

a/ Proposed to be reimbursed through current, indefinite appropriation.

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

(thousands of dollars)

		1989	1990	1991
22	Transportation of things............	$377,249	$342,720	$374,967
25	Other services......................	948,043	734,121	752,781
	Storage and handling (including producer storage payments).........	1,068,193	685,241	494,312
26	Supplies and materials (cost of commodities sold or donated):			
	Foreign Assistance Programs.......	1,326,680	1,264,320	1,169,540
	Other............................	3,873,923	2,230,773	3,209,179
31	Equipment..........................	19,503	40,500	42,100
33	Investments and loans...............	7,072,177	6,883,918	7,454,272
41	Grants, subsidies, and contributions	10,674,790	6,794,213	10,351,785
43	Interest and dividends..............	1,013,413	573,417	555,019
	Total obligations...................	26,373,971	19,549,223	24,403,955

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

Reimbursement For Net Realized Losses:

1 For fiscal year [1990] 1991, such sums as may be necessary to reimburse the
Commodity Credit Corporation for net realized losses sustained, but not
2 previously reimbursed [(estimated to be $4,800,000,000 in the President's
fiscal year 1990 Budget Request (H. Doc. 101-4)), but not to exceed
$4,233,000,000], pursuant to Section 2 of the Act of August 17, 1961, as
amended (15 U.S.C. 713a-11).

3 [Such funds are appropriated to reimburse the Corporation to restore losses incurred during prior fiscal years. Such losses for fiscal years 1988 and 1989 include $1,969,000,000 in connection with carrying out the Export Enhancement Program (EEP), $264,000,000 in connection with carrying out the Targeted Export Assistance Program (TEA), $1,500,000,000 in connection with carrying out the Federal Crop Insurance Program, and $31,831,000,000 in connection with carrying out the commodity programs.]

Short-Term Export Credit:

4 The Commodity Credit Corporation shall make available not [less] more than $5,000,000,000 in credit guarantees under its export credit guarantee program for short-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 1125(b) of the Food Security Act of 1985 (Public Law 99-198).

Intermediate Export Credit:

5 The Commodity Credit Corporation shall make available not [less] more than $500,000,000 in credit guarantees under its export guarantee program for intermediate-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 1131(3)(B) of the Food Security Act of 1985 (Public Law 99-198).

The first change updates the fiscal year designation of the current, indefinite appropriation to reimburse the Corporation for net realized losses sustained.

The second change is proposed to eliminate the ceiling on the current, indefinite appropriation authority. The ceiling limits the flexibility CCC would otherwise have to request funds as needed from the Treasury to avoid operating disruptions due to a lack of sufficient funds.

The third change deletes language which applied to the fiscal year 1990 appropriation. The CCC appropriation is used to reimburse losses incurred in connection with all CCC support and related activities. Therefore, the 1990 language which identifies specific program losses for reimbursement is unnecessary.

The fourth change is proposed to eliminate the floor for the short-term export credit guarantee program and establish the maximum program level at $5,000,000,000.

The fifth change is proposed to eliminate the floor for the intermediate-term export guarantee program and establish the maximum guarantee program level at $500,000,000.

Reimbursement for Net Realized Losses

Appropriation Act, 1990	$4,233,000,000
Budget Estimate, 1991	$6,100,000,000
Increase in Appropriation	+1,867,000,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Change	1991 Estimated
Reimbursement of losses:			
Balance of 1988 actual losses	$1,566,828,000	-$1,566,828,000	---
1989 actual losses	2,666,172,000	+1,569,331,000	$4,235,503,000
1990 estimated losses	---	+1,864,497,000	1,864,497,000
TOTAL AVAILABLE	$4,233,000,000	+$1,867,000,000	$6,100,000,000 a/

PROJECT STATEMENT
(On basis of appropriation)

Item	1989 Actual	1990 Estimated	Increase	1991 Estimated
Reimbursement of losses:				
Appropriation.	$8,828,286,000	$4,233,000,000	+$1,867,000,000	$6,100,000,000 a/

a/ Proposed to be reimbursed through current, indefinite appropriation.

EXPLANATION OF PROGRAM

USDA Goals and Objectives

The USDA goal is to promote economic stability in the farm sector so that farmers and ranchers can earn a fair rate of return in the market place; and thereby assure supplies of agricultural products which are adequate to meet domestic and export demand at reasonable prices to consumers.

The primary objective is to achieve this goal through an approach that retains basic management responsibilities of farmers, provides for the maintenance of adequate food reserves, provides prices reasonable to consumers and competitive in world markets, and minimizes Federal interference in the agricultural economy.

Provisions of the Program

The programs of the Commodity Credit Corporation cover a wide range of operations.

A. The Commodity Credit Corporation is operated by the Agricultural Stabilization and Conservation Service of the Department of Agriculture.

   1. Its functions are performed primarily by ASCS employees.

   2. It is a corporate entity operating programs primarily related to the support of farm prices and income, but its budget processes must fit not only its own unique characteristics but also the processes used in formulating and executing the overall U.S. Budget.

   3. Its operations are closely related to and affected by the operations of other programs financed from other funds - such as Section 32 and School Lunch Programs, and commodity donations under Title II of P.L. 480.

   4. Its resources are utilized to carry out a variety of program objectives not strictly related to support operations.

      Some of these objectives are the responsibility of agencies other than the Agricultural Stabilization and Conservation Service.

B. CCC operations are unique in many ways.

   1. The primary aim of CCC is to assist in stabilizing, supporting, and protecting farm income and prices and to help maintain balanced and adequate supplies of agricultural commodities.

   2. CCC operates under a large number of statutory directives and limitations and has broad charter powers, authorizing it to carry out almost any operation required to meet these objectives, including:

      a. Buying
      b. Selling
      c. Bartering
      d. Donating
      e. Lending
      f. Storing
      g. Transporting
      h. Making payments
      i. Other activities

   3. The major activity is support of prices as required or authorized by existing law.

      a. Under existing law, support of farm prices is accomplished through nonrecourse loans (regular and reserve), payments (in cash, commodity certificate and in-kind), and purchases from farmers or processors.

b. Under existing law, CCC is required to support the price of corn, cotton, wheat, rice, peanuts, tobacco, dairy products, honey, barley, oats, rye, grain sorghum, sugar, and soybeans at levels provided for by law. CCC has to make an offer, open to all producers, to make loans upon or purchase any quantity of these commodities produced which meet eligibility requirements. Eligibility requirements include grade, moisture content, adequacy of storage and compliance with acreage set-aside or acreage reduction provisions, if in effect. Income support in the form of direct payments is also required by law to be available to wool and mohair producers, as well as to feed grain, wheat, cotton and rice growers.

c. In addition, CCC may support the prices of other commodities at the discretion of the Secretary.

4. CCC has no control over the volume of business it must handle. The relationship of the market price for each commodity to the support price largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. This in turn is determined by weather conditions, insect damage, use of fertilizers, and all other factors influencing production, and by already existing supplies, domestic and export demand, and other factors affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods in the volume of CCC support operations.

5. CCC also carries out storage facilities activities through contracts with warehousemen, commodity export programs, and other activities. Support operations and resultant inventory management account for the bulk of the total workload.

6. The President's Budget estimates incorporate changes mandated by the Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239), which are designed to reduce CCC expenditures for the 1990 crops and other CCC-administered programs. Mandatory reductions for 1990 crop wheat, feed grains, cotton and rice deficiency payments are also included. For 1990 crop feed grains, the Act provides for a more flexible acreage limitation program based on projected corn stocks. In fiscal year 1990 a $200.0 million program is required for the Targeted Export Assistance Program and bonus payments under the Export Enhancement Program are limited to $566.0 million. Producers may plant up to 25 percent of their permitted 1990 crop feed grain, wheat, cotton and rice acreage to soybeans, safflowers or sunflowers.

   As a result of the Omnibus Budget Reconciliation Act of 1989, the President issued a fiscal year 1990 Gramm-Rudman-Hollings deficit reduction sequester order requiring a 1.4 percent sequester applicable to non-defense programs. The Reconciliation Act provisions, in conjunction with the 1.4 percent sequester effective for the 1990 crops, are expected to achieve CCC outlay reductions of $550 million of which about $150 million is related to the sequester reduction. Reductions of 1.4 percent will apply to cash payments to producers, cooperatives, and associations for 1990 crop commodity loans, deficiency and loan deficiency payments for 1990 crops, and to any 1990 crop certificates that producers redeem for cash. To comply with the 1.4 percent reduction, CCC also implemented an assessment of 6.3 cents per hundredweight on all milk marketed for commercial use during the month of January 1990 only.

7. Conservation Reserve Program

   Up to 45 million acres of highly erodible cropland are authorized for protection under the Conservation Reserve Program (CRP). In exchange for entering land into the reserve, program participants receive annual rental payments in cash or CCC certificates, based on accepted bids per acre and the number of acres placed under 10-year contracts. In addition, farmers receive one-time payments of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

To facilitate program implementation, use of the funds and facilities of CCC was authorized for fiscal years 1986 and 1987. Beginning in fiscal year 1988, the services and facilities of CCC will continue to be used, but appropriations are provided to CCC in advance to carry out the program. Under the Food Security Act, authority is provided to CCC to enter into CRP contracts through fiscal year 1990.

Additional details on the fiscal years 1988 through 1991 programs, which are funded by a separate CRP appropriation advanced to the CCC, as required by law, are provided under the fiscal year 1991 CRP request elsewhere in these Notes.

8. There are several characteristics of CCC operations which are important in analyzing its budget problems and processes.

   a. CCC deals with millions of producers and utilizes the services of thousands of banks, processors, carriers, exporters, handlers, warehousemen, and others.

   b. CCC operations involve the handling of millions of documents and transactions during a 12-month period.

   c. CCC workload cannot be deferred. Commodities must be moved, producer payments must be made, warehouse and freight charges must be paid, claims must be settled, and loans must be made and liquidated.

   d. The manner in which CCC inventories of individual commodities are handled and merchandised is of key importance to both domestic and foreign markets.

   e. Operating policies directly affect the day-to-day business operations of the many thousands of warehouses, elevators, handlers, processors, banks, exporters, importers, carriers, cooperatives, and others with which business dealings are conducted.

   f. Trade customs and practices with respect to individual commodities must be observed in operations.

   g. To support prices, CCC generally makes nonrecourse loans to producers which bear no interest if the borrower does not repay them, and which are fully settled by delivery of the commodity to CCC at maturity of the loans.

   h. CCC operations are big:

      (1) The Corporation has an authorized capital stock of $100 million held by the United States and authority to have outstanding borrowings of up to $30 billion at any one time. Its capital structure is replenished each year by appropriations, usually to restore realized losses on support operations, and to reimburse costs of other programs.

(2) Its commodity loans and purchases in fiscal year 1989 amounted to $9.3 billion. $1.1 billion of total purchases was for commodity certificates transferred from the loan account. These certificate purchases represent a required accounting transaction to show the effect on inventory of certificates used to redeem outstanding commodity loans. The associated reduction in outstanding loans is recorded as a loan repayment receipt, which fully offsets the inventory purchase expenditure. Therefore, no net expenditures result from this required certificate accounting treatment. Sales proceeds totaled $3.5 billion of which $2.6 billion was for commodity certificates.

Certificate sales proceeds reflect the certificate issuance value, and like certificate purchases, represent a required accounting transaction to show the effect on inventory of certificate redemptions. The Corporation had outstanding loans on commodities of $4.9 billion and owned commodities with a cost value of $3.8 billion on September 30, 1989.

i. Export Credit Guarantees

Under the short-term Export Credit Guarantee Program (GSM-102), CCC guarantees for up to 3-year credit terms payments due U.S. exporters, or their assignees (U.S. financial institutions), from defaults in payments by foreign banks on export credit sales due to commercial as well as noncommercial risks. In fiscal year 1983, CCC instituted the blended credit program which provides for up to 3-year credit terms on a combination of interest-free direct credit under the Export Credit Sales Program (GSM-5) and credit guarantees under the Export Credit Guarantee Program (GSM-102). In fiscal year 1986, an intermediate export credit guarantee program was authorized by the Food Security Act of 1985 for which CCC guarantees exports with credit terms up to 10 years (GSM-103).

Total commitments in fiscal year 1989 were $2.764 billion for the GSM-102 program and $453.6 million for the GSM-103 program. As required by the Food Security Act of 1985, the program level for fiscal year 1990 is established at $5 billion for the short-term export credit guarantee program (GSM-102) and $500 million for the intermediate export credit guarantee program (GSM-103).

j. Direct Export Credit

Under the short-term export credit sales program (GSM-5), CCC provides direct financing on terms not to exceed three years for the commercial sales of agricultural commodities from private stocks. There was no direct credit program in fiscal year 1989 and none is planned for fiscal years 1990 and 1991.

k. Net Expenditures

Commodity Credit Corporation net expenditures for fiscal year 1991, in the current law baseline, are estimated at $11.7 billion, up $3.5 billion from a level of $8.2 billion in fiscal year 1990.

These increased expenditures in fiscal year 1991 are due to a combination of higher production levels, as producers recover from the 1988 and 1989 droughts and increased 1991 crop cash deficiency payments. In the absence of legislation applying to the 1991 crop, the President's Budget assumes target prices which are the same as those in effect for the 1990 crop and result in projected higher cash deficiency payments. In order to help reduce the Federal deficit, the budget proposes a reduction in fiscal year 1991 outlays of $1.5 billion below the "frozen" target prices baseline. The following table shows CCC net expenditures by commodity or program for fiscal years 1989 through 1991.

COMMODITY CREDIT CORPORATION

FISCAL YEAR 1991 PRESIDENT'S BUDGET

FY 1989 ACTUAL, FY 1990 AND FY 1991 ESTIMATED EXPENDITURES

(thousands of dollars)

Item	FY 1989 ACTUAL	FY 1990 ESTIMATED	FY 1991 ESTIMATED
Corn	$2,862,766	$3,815,288	$5,380,344
Grain Sorghum	466,773	511,360	627,481
Barley	45,505	-57,696	83,370
Oats	852	-6,548	939
Corn Products	8,163	7,546	6,346
Oat Products	-24	60	54
Feed Grains and Products	(3,384,035)	(4,270,010)	(6,098,534)
Wheat and Products	53,114	522,395	2,061,190
Rice	631,305	616,363	673,226
Upland Cotton	1,461,115	-241,783	709,999
Tobacco	-366,993	-307,041	-137,843
Honey	41,720	68,759	43,975
Dairy	679,183	482,552	616,876
Soybeans	-86,092	235,560	51,866
Sugar	-25,377	---	---
Peanuts	13,312	-5,903	3,271
Export Guarantee Program	-108,141	128,960	104,999
Short-Term & Intermediate Export Credit	-961	-34,739	-45,714
Storage Facility	-11,075	-11,811	-1,668
Interest	64,953	609,363	262,010
CCC Operating Expenses	627,912	633,874	641,266
Change in Working Capital	-519,323	500,000	500,000
Livestock Assistance (Cash)	525,799	88,543	---
Forage and Tree Assistance Programs (1988 and 1989 Disaster)	6,780	1,800	---
Crop Disaster Assistance	3,385,946	6,000 1/	---
All Other	672,443	489,354	36,658
Subtotal, Support and Related	10,429,655	8,052,256	11,618,645
Wool	93,485	121,316	120,229
TOTAL Net Expenditures, CCC	10,523,140	8,173,572	11,738,874
Farm program proposed savings	---	---	-1,500,000
Adjusted TOTAL Net Expenditures, CCC	10,523,140	8,173,572	10,238,874

Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

1/ Benefits to farmers under the Disaster Assistance Act of 1989 are being paid in generic certificates and are not recorded directly as disaster assistance outlays.

Deficiency, Diversion and Disaster Payments

In fiscal year 1989 direct payments to producers totaled $11,177.2 million, a decrease of $1,275.6 million from payments issued in fiscal year 1988. Deficiency and diversion payments were made in a combination of cash and CCC commodity certificates in fiscal years 1986 through 1989, as authorized by the Food Security Act of 1985. Estimated payments for fiscal year 1990 also include both cash and certificate payments. Estimated payments for fiscal year 1991 are in cash only.

The following table shows CCC deficiency, diversion and disaster payments made in cash and certificates for fiscal years 1989 through 1991.

COMMODITY CREDIT CORPORATION

Deficiency, Diversion and Disaster Payments Made in Cash and Certificates

Fiscal Years 1989-1991

(thousands of dollars)

	FY 1989 Actual			FY 1990 Estimate			FY 1991 Estimate		
	Cash	Certificates	Total	Cash	Certificates	Total	Cash	Certificates	Total
Deficiency Payments..................	$5,798,288	$1,951,767	$7,750,055	$4,520,257	$125,876	$4,646,133	$8,444,563	---	$8,444,563
Diversion Payments..................	-1,072	20,015	18,943	-121	11,317	11,196	---	---	---
Disaster Payments:									
1986 crop and prior	3,502	796	4,298	---	---	---	---	---	---
1988 crop year	3,385,650	---	3,385,650	1,000	---	1,000	---	---	---
1989 crop year	296	17,974	18,270	5,000	994,730	999,730	---	---	---
Total............................	9,186,664	1,990,552	11,177,216	4,526,136	1,131,923	5,658,059	8,444,563	---	8,444,563

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a nationwide network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditionally hand prepared forms and documents.

Most farm and producer data are currently maintained on county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers.

Through the departmental communications network, summary data is transmitted to ASCS State office where it is used for program management and oversight purposes. State offices further summarize this information for transmission to the Kansas City Management Office. Some of this accounting and administrative information will be transmitted to Washington Headquarters Management Information Systems (MIS) and Executive Information Systems data bases. These data bases will be designed and maintained as a shared information resource for ASCS and the Foreign Agricultural Service (FAS), and will include information relative to the activities and missions of both agencies. With both foreign and domestic production and supply and demand information provided by the new data bases, agency and departmental policymakers will have immediate access to the latest commodity market information.

Contractor assistance is being utilized for developing and implementing the processed commodities inventory system, tobacco and cotton automation activities and conversion and improvements of old mainframe systems.

In carrying out the overall long-range plan described above, CCC capital investments totaling $22,259,000 in fiscal year 1991 will be required, as detailed below. Equipment will be purchased under the statutory authority of the Commodity Credit Corporation Charter Act to support the ASCS Information Resources Management Plan.

CCC funding for mission-essential enhancements for the State and County Office Automation Project (SCOAP) equipment are estimated at $10,785,000. Hardware enhancements and related capitalized software for the CCC Computer Facility, including components for headquarter and field offices, are estimated at $1,598,000. The purchase of microcomputers, peripheral devices and software in support of Agricultural Trade offices and Embassies world-wide is estimated at $5,500,000. Cotton automation is estimated at $1,013,000. The remaining $3,363,000 is for the purchase of equipment including software, telephones, and peripherals needed by ASCS in support of IRM objectives and to keep abreast of new technologies and their impact on ASCS.

JUSTIFICATION OF INCREASES AND DECREASES

Realized Losses, Fiscal Years 1988 and 1989

Item	Fiscal Year 1988	Increases and Decreases	Fiscal Year 1989
Support and related programs:			
Commodity inventory operations:			
Losses or gain (-) on sales	$4,508,373,023	-$3,848,553,228 (1)	$659,819,795
Domestic donations	1,437,299,896	-917,974,583 (2)	519,325,313
Export donations	272,372,074	+16,570,483 (3)	288,942,557
Storage and handling expense	985,890,543	-399,491,328 (4)	586,399,215
Transportation expense	37,099,917	+3,547,843 (5)	40,647,760
Total commodity inventory operations	7,241,035,453	-5,145,900,813	2,095,134,640
Loans written off	10,866,882	+1,901,118 (6)	12,768,000
Producer storage payments	669,043,737	-187,249,345 (7)	481,794,392
FCIC crop indemnity payments	1,200,000,000	-800,000,000 (8)	400,000,000
Disaster payments (cash):			
Feed grains	4,786,872	-2,016,697	2,770,175
Wheat	331,824	+1,280	333,104
Rice	-18,410	+21,284	2,874
Upland cotton	429,016	-33,278	395,738
Total disaster payments	5,529,302	-2,027,411 (9)	3,501,891
Deficiency payments (cash):			
Corn	1,730,889,680	+2,819,745,966	4,550,635,646
Grain sorghum	259,836,006	+199,217,110	459,053,116
Barley	33,676,317	-6,084,210	27,592,107
Oats	152,897	-3,816,790	-3,663,893
Wheat	793,744,410	-167,313,169	626,431,241
Rice	417,842,484	+64,281,944	482,124,428
Upland cotton	754,840,606	-326,112,008	428,728,598
Extra long staple cotton	591,806	-554,831	36,975
Total deficiency pymts.-cash	3,991,574,206	+2,579,364,012(10)	6,570,938,218
Diversion payments (cash):			
Corn	-3,990,124	+2,383,837	-1,606,287
Grain sorghum	-382,463	+478,050	95,587
Barley	-193,630	+230,091	36,461
Oats	-233,316	+284,479	51,163
Wheat	-74,621	+34,831	-39,790
Rice	490,747	-482,386	8,361
Upland cotton	-98,883	+134,690	35,807
Dairy	-174,932	+468,743	293,811
Total diversion payments-cash	-4,657,222	+3,532,335(11)	-1,124,887
Upl. cotton loan def. pymts (cash)	114,574,495	-187,389,526(12)	-72,815,031
Rice inventory payments (cash)	-51,286	+51,286(13)	---
Dairy termination program	207,557,644	-39,611,032(14)	167,946,612
Livestock emergency assistance	1,982,084,071	-3,375,085,510(15)	-1,393,001,439
Forage assistance program	50,000,000	-95,092,238(16)	-45,092,238
Tree assistance program	40,000,000	-76,079,372(17)	-36,079,372
88 Crop disaster payments (cash)	3,492,000,000	-3,598,350,265(18)	-106,350,265
89 Crop disaster payments	---	+296,126(19)	296,126
Cost/share burning pear program	---	+86,555(20)	86,555
TOTAL CASH PYMTS. (9-20 above)	9,878,611,210	-4,790,305,040	5,088,306,170
Deficiency pymts. (certificates):			
Corn	-134,506,356	+821,862,976	687,356,620
Grain sorghum	-21,757,401	+86,477,517	64,720,116
Barley	-68,271,461	+116,238,976	47,967,515
Oats	2,267,842	+1,212,716	3,480,558
Wheat	904,687,481	-1,400,463,240	-495,775,759
Rice	117,211,559	-190,741,819	-73,530,260
Upland cotton	741,848,761	-874,004,629	-132,155,868
Total deficiency payments (certificates)	1,541,480,425	-1,439,417,503(21)	102,062,922
Diversion payments (certificates):			
Corn	585,590,540	-570,377,272	15,213,268
Grain sorghum	63,403,792	-59,570,935	3,832,857
Barley	22,732,175	-22,048,018	684,157
Oats	-252,439	+328,355	75,916
Wheat	500,680	-300,090	200,590
Total diversion payments (certificates)	671,974,748	-651,967,960(22)	20,006,788

JUSTIFICATION OF INCREASES AND DECREASES (continued)
Realized Losses, Fiscal Years 1988 and 1989

Item	Fiscal Year 1988	Increases and Decreases	Fiscal Year 1989
Upl. cotton loan def. cert.......	295,545	+952,113(23)	1,247,658
Upl. cotton inv. protection cert.	-2,629,544	+6,583,025(24)	3,953,481
Upl. cotton first handler cert...	4,833,371	-7,519,294(25)	-2,685,923
Rice marketing certificates......	184,948	-77,640(26)	107,308
Ethanol plants assistance program	-708,976	+618,976(27)	-90,000
Emergency feed certif. program...	40,862,161	-40,334,920(28)	527,241
Export enhancement certificates..	1,198,759,610	-805,283,849(29)	393,475,761
Targeted Export certif. program..	104,195,084	+18,153,756(30)	122,348,840
89 Crop disaster assist. cert....	---	+1,018,000,000(31)	1,018,000,000
86 Crop disaster assist. cert....	9,874,326	-9,078,715	795,611
Transfer of funds from FmHA.....	-12,000,000	+12,000,000	---
Net 86 disaster assist. cert..	-2,125,674	+2,921,285(32)	795,611
TOTAL CERTIFICATE PAYMENTS, NET (21-32 above)	3,557,121,698	-1,897,372,011	1,659,749,687
TOTAL, ABOVE CASH/CERTIFICATE PAYMENTS (9-32)above)........	13,435,732,908	-6,687,677,051	6,748,055,857
Pre-1988 Emerg. feed prog. (cash)........................	7,467,274	+40,864,391(33)	48,331,665
Export enhan. prog. (non-certif).	40,342,995	-9,669,576(34)	30,673,419
Emergency feed assistance prog...	334,699	-984,722(35)	-650,023
Conservation reserve program:			
Cost-share assistance payments.	---	-188,252	-188,252
Technical assistance payments..	4,597,936	-4,597,936	---
Annual Rental (cash)...........	---	-9,002	-9,002
Annual rental pymts. (certif.).	-21,218,892	+6,228,851	-14,990,041
1988 disaster cost sharing.....	---	+3,526	3,526
Liquidated damages.............	-1,658,855	+201,239	-1,457,616
Corn bonus pymts. (certif.)....	2,285,539	-804,204	1,481,335
Total conservation reserve...	-15,994,272	+834,222(36)	-15,160,050
Payment-in-Kind Entitlements.....	-1,524,287	+1,055,878(37)	-468,409
Marketing loan write-offs:			
Upland cotton..................	112,599,377	+73,858,088	186,457,465
Rice...........................	201,612,923	-136,649,178	64,963,745
Honey..........................	46,706,277	-9,525,514	37,180,763
Total mkting. loan write-offs	360,918,577	-72,316,604(38)	288,601,973
Milk marketing fee collection program:			
Milk marketing fees (PL 97-253)..	-12,695	-49,798	-62,493
Milk marketing fees (PL 98-180)..	-53,242	+34,011	-19,231
Milk marketing fees (PL 99-198)..	-53,713,184	+53,684,370	-28,814
Milk marketing fees (PL 100-203).	-19,610,364	+6,628,951	-12,981,413
Total milk marketing fees......	-73,389,485	+60,297,534(39)	-13,091,951
Tobacco budget deficit assessment	---	-3,500,589(40)	-3,500,589
Ocean transportation for section 416 export donations...........	82,823,868	-38,040,371(41)	44,783,497
Other program expense (net)......	108,320,061	-185,119,540	-76,799,479
Interest (net)...................	-109,998,194	+472,377,146(42)	362,378,952
Operating expenses (net).........	677,471,172	-14,045,891(43)	663,425,281
Total gross realized losses......	23,633,451,388	-12,567,174,213	11,066,277,175
Offsetting income from FY 1988 "Operating Expenses" advance appropriation...............	-14,992,772,098	+10,828,170,152	-4,164,601,946
Net realized losses..............	8,640,679,290	-1,739,004,061	6,901,675,229

Minus (-) indicates gain or adjustment to prior year.

The above analysis of realized losses covers the difference between the actual 1988 and 1989 losses of the Corporation. There has historically been a two-year lag between the year the actual loss was incurred and the year the appropriation was received to reimburse the CCC for its actual net realized losses. High levels of CCC entitlement outlays in the early and mid-1980's required the reimbursement of anticipated realized losses to restore CCC's capital impairment, although this need to appropriate estimated losses has been decreased recently. The fiscal year

1988 appropriations act appropriated $21,133,658,000 to CCC for "Operating Expenses" which included $1,422,400,000 for prior year losses. This amount was applied to $1,422,400,000 of fiscal year 1987 losses. The fiscal year 1989 appropriations act (P.L. 100-460) provided $8,828,286,000 to restore the unreimbursed balance of fiscal year 1987 losses of $1,754,435,000 and $7,073,851,000 of fiscal year 1988 losses. The fiscal year 1990 appropriations act (P. L. 101-161) provided $4,233,000,000 to restore the unreimbursed balance of fiscal year 1988 losses of $1,566,828,000 and $2,666,172,000 of fiscal year 1989 losses.

The Budget proposes a current, indefinite appropriation to reimburse the Corporation for net realized losses in fiscal year 1991. This appropriation, authority for which has already been enacted by Congress in the Omnibus Budget Reconciliation Act of 1987, would give CCC the flexibility to request funds as needed from Treasury to avoid operating disruptions due to a lack of sufficient funds.

Explanations of increases and decreases in realized losses from fiscal year 1988 to fiscal year 1989 follow:

(1) A decrease of $3,848,553,228 in losses on sales ($4,508,373,023 in 1988). This decrease is attributed to the substantial decline in the volume of commodity certificate issuances and the related certificate sales. The largest loss decrease was for feed grains, which decreased by $2.4 billion to $529 million. Wheat and wheat products also showed a large decline in losses from $1.2 billion in fiscal year 1988 to $69.7 million in fiscal year 1989. Losses on sales reflect the difference in the CCC commodity certificate issuance value versus the CCC book value (generally the acquisition cost). The Food Security Act of 1985, Public Law 99-198 (FSA), authorized the use of certificates as payment to producers under various CCC price support and related programs. These certificates were issued at the current market price for a particular commodity. Certificate holders, in turn, could exercise one of two options: (1) exchange the certificates for any CCC-owned commodity and receive a commodity quantity based on the current market price for that commodity at the time of redemption, or (2) redeem an outstanding CCC loan and receive a commodity quantity also based on the current market price for that commodity at the time of loan redemption. In both cases, a loss was generally realized because the CCC book value, which included redeemed loans transferred to inventory from the loan account, exceeded the certificate issuance value. In fiscal year 1989, CCC-owned commodities valued at $3,055.0 million were redeemed with certificates valued at $2,567.7 million. The difference, $487.3 million, represents the loss on certificates. The remaining loss on sales in fiscal year 1989, $172.5 million, includes losses on the sale from CCC inventory of wheat, corn, sorghum, cheese, butter oil and dried milk. Gains on the sale of rice and soybeans partially offset these losses.

(2) A decrease of $917,974,583 in domestic donations ($1,437,299,896 in 1988). This decrease primarily reflects decreased donations of dairy products under Section 416 for the School Lunch and Special Donations to Needy Families Programs due to lower CCC inventory availability. Section 416 donations of rice and honey also decreased. An increase in the donated value of corn products and vegetable oil products partially offset the decrease.

(3) An increase of $16,570,483 in export donations ($272,372,074 in 1988). Larger donations of corn, grain sorghum and wheat under Section 416 of the Agricultural Act of 1949 accounted for the increase. Overseas dairy donations were down 124 million pounds from the 1988 program and partially offset the increase.

(4) A decrease of $399,491,328 in storage and handling expense ($985,890,543 in 1988). A decrease in expenses of $441,772,355 for the commercial storage and handling of feed grains, wheat and soybeans in fiscal year 1989 accounts for most of the total decrease. Certificate redemptions of CCC-owned inventory and much lower loan collateral forfeitures resulted in lower CCC inventories and therefore lower storage and handling expenses. Increased storage and handling costs of $45,243,005 for upland cotton and small changes in other commodities partially offset the decrease.

(5) An increase of $3,547,843 in transportation expense ($37,099,917 in 1988). Accounting adjustments to feed grains in fiscal year 1988 which reduced fiscal year 1988 costs, along with higher transportation costs for wheat and rice are responsible for the increase. This was partially offset by a reduction of $33,240,183 in dairy product transportation costs due to lower dairy donations.

(6) An increase of $1,901,118 in loans written off ($10,866,882 in 1988). Fiscal year 1989 write-offs represent higher write-offs for peanuts, tobacco, and corn loans.

(7) A decrease of $187,249,345 in producer storage payments ($669,043,737 in 1988). Higher feed grain and wheat prices, reflecting the impact of the 1988 and 1989 droughts, resulted in higher certificate redemptions and cash repayments of reserve loans in fiscal year 1989. With an overall decline in the bushels held in the reserve, producer storage payments also decreased. Advance storage payments of $472,255,000, which were made in fiscal year 1988 and recorded as a loss in fiscal year 1989 when earned, partially offset the decrease.

(8) A decrease of $800,000,000 in Federal Crop Insurance Corporation (FCIC) crop indemnity payments ($1,200,000,000 in 1988). The FSA amended the Federal Crop Insurance Corporation Act authorizing the Secretary to use CCC funds at any time the moneys.available to the Federal Crop Insurance Corporation are insufficient to pay claims of farmers for insured crop losses. The fiscal year 1989 losses reflect $400,000,000 transferred to FCIC to pay claims in fiscal year 1989.

(9) A decrease of $2,027,411 in total cash disaster payments ($5,529,302 in 1988). Fiscal year 1989 activity primarily reflects the balance of prevented planting disaster payments for 1984 and 1985 program crops which were made during 1989 as the result of a U.S. Court of Appeals decision.

(10) An increase of $2,579,364,012 in cash deficiency payments ($3,991,574,206 in 1988). The nearly $2.6 billion increase is mainly due to a shift in the payment mix from certificates to cash for the 1989 crop versus the 1988 crop. In fiscal year 1989, advance 1989 crop cash deficiency payments of $3,291,035,131 were made representing 40 percent of total 1989 crop deficiency payments for feed grains and wheat and 30 percent for upland cotton and rice. An additional $3,090,838,524 in 1989 crop cash deficiency payments was established as a loss in fiscal year 1989 with payment to be made in fiscal year 1990 in keeping with the GAO requirement that estimated payments due producers be accrued as a loss in the fiscal year in which the payment liability is recognized. By comparison, 1988 crop cash payment losses in fiscal year 1988 totaled $2,861,000,000, an amount $3,520,873,655 lower than 1989 crop cash payment losses. Lower 1988 crop final deficiency payment losses in fiscal year 1989 as a result of the 1988 drought partially offset the increase. (see also explanation #21).

(11) A net increase of $3,532,335 in cash diversion payments (-$4,657,222 in 1988). The fiscal year 1989 negative amount mainly reflects accounting adjustments to the diversion programs in effect for 1986 crop wheat and 1987 and 1988 crop corn. A small amount of 1987 crop grain sorghum, oats and barley payments and 1985 crop rice payments partially offset the 1989 total.

(12) A decrease of $187,389,526 in upland cotton cash loan deficiency payments ($114,574,495 in 1988). Authorized by the FSA, this payment was made to producers, who although eligible to obtain 1988 crop loans, agreed to forego them in exchange for the payment. The fiscal year 1989 gain of $72,815.031 represents the reversal of overestimated losses which were recorded in fiscal year 1988. Total 1988 crop loan deficiency payments issued in fiscal year 1988 were $41,577,613. Adjustments for prior year payments of $607,356 partially offset the decrease.

(13) An increase of $51,286 in rice cash inventory payments (-$51,286 in 1988). This one-time payment was to protect rice producers from sudden price decreases as a result of the implementation of the FSA. The majority of these payments were made in fiscal year 1986 with a small amount made in fiscal year 1987. The fiscal year 1988 negative amount represented minor adjustments. No payments or adjustments were made in fiscal year 1989. Total 1985 crop payments made over fiscal years 1986 through 1988 are $26,051,674.

(14) A decrease of $39,611,032 in dairy termination payments ($207,557,644 in 1988). The decrease reflects producer-selected payment options during the fourth year's operation of the dairy termination program, which was implemented in fiscal year 1986 under the FSA. Dairy termination payments, based on accepted bids submitted by producers, are made to eligible producers who agreed to discontinue milk production for a period of five years. Payments will continue through fiscal year 1992.

(15) A decrease of $3,375,085,510 in livestock emergency assistance ($1,982,084,071 in 1988). The decrease reflects a negative adjustment of $1,493,001,455 for the 1988 program to offset the overstatement of 1988 program liabilities recorded in 1988. This is partially offset by an estimated liability of $100,000,000 for the 1989 program of which $88,542,533 will be provided in fiscal year 1990 and by miscellaneous 1989 program expenses. Payments made in fiscal year 1989 for the 1988 and 1989 programs totaled $477,380,826.

(16) A decrease of $95,092,238 for the Forage Assistance Program ($50,000,000 in 1988). Authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible livestock producers whose established pastures were damaged by drought or related conditions in 1988. The 1989 loss represents a negative adjustment of $45,392,238 for the 1988 program to offset the overstatement of estimated 1988 program liabilities recorded in 1988. This is partially offset by an estimated liability of $300,000 for the 1988 program to be provided in fiscal year 1990. Payments made in fiscal year 1989 for the 1988 program were $4,607,762.

(17) A decrease of $76,079,372 for the Tree Assistance Program ($40,000,000 in 1988). Also authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible tree farmers who planted tree seedlings in 1987 or 1988 but lost these seedlings to drought or related conditions in 1988. The 1989 loss represents a negative adjustment of $37,840,558 for the 1988 program to offset the overstatement of estimated 1988 program liabilities recorded in 1988. This is partially offset by an estimated liability of $1,761,186 for the 1989 program of which $1,748,046 will be provided in fiscal year 1990. Payments made in fiscal year 1989 for the 1988 and 1989 programs totaled $2,172,582.

(18) A decrease of $3,598,350,265 in 1988 crop disaster payments made in cash ($3,492,000,000 in 1988). The fiscal year 1989 loss represents a negative adjustment of $106,350,265 to offset the overstatement of estimated 1988 crop liabilities recorded in 1988. Crop disaster cash payments made in fiscal year 1989 were $3,385,945,861.

(19) An increase of $296,126 in 1989 crop disaster payments ($0 in 1988). Eligible producers who suffered crop losses in 1989 due to damaging weather or related conditions in 1988 or 1989 received disaster payments under the Disaster Assistance Act of 1989 (Public Law 101-82). The fiscal year 1989 loss represents cash payments of $296,126 to producers for the 1989 program. These cash payments were made in lieu of certificate payments for amounts less than $200. The majority of 1989 crop disaster payments are being made in certificates. (see also explanation #31).

(20) An increase of $86,555 in cost/share burning prickly pear program ($0 in 1988). Authorized by the 1989 Disaster Act this program is designed to provide emergency feed to livestock in Texas by providing cost-share assistance to burn the thorns from the prickly pear cactus to make it suitable for livestock feed. The fiscal year 1989 loss represents 1988 program payments of $62,562 made in fiscal year 1989 and 1989 program payments of $23,993.

(21) A decrease of $1,439,417,503 in deficiency payments made in generic certificates ($1,541,480,425 in 1988). This decrease mainly reflects a shift in the payment mix from certificates to cash for 1989 crop payments. 1989 crop certificate payment losses totaled $736,333,233 in fiscal year 1989, a decrease of $2,413,869,750 over 1988 crop deficiency certificate losses of $3,150,202,903 in fiscal year 1988. Accounting adjustments for the 1986 and 1987 crop to correct an earlier understatement of certificate payment liability partially offset the decrease. (see also explanation #10)

(22) A decrease of $651,967,960 in diversion payments made in certificates ($671,974,748 in 1988). A 10-percent land diversion program with payments made in certificates was in effect for the 1988 feed grains crops, which included corn, grain sorghum and barley. The fiscal year 1989 amount includes $5,181,323 in certificates issued for the 1988 crop and $14,466,816 in additional payments for feed grains under a 15 percent land diversion program effective for the 1987 crop. No land diversion programs were in effect for the 1989 crops.

(23) An increase of $952,113 in upland cotton loan deficiency payments made in certificates ($295,545 in 1988). Loan deficiency payments were issued for the 1986 crop with one-half of the payments made in cash and one-half in certificates. The fiscal year 1989 amount of $1,247,658 represents additional certificate payment adjustments. Total certificate payments for the 1986 crop, including adjustments were $65,297,866.

(24) An increase of $6,583,025 in upland cotton inventory protection certificates (-$2,629,544 in 1988). As with rice inventory payments, the FSA required a one-time transition payment to all holders of 1985 and prior crop year upland cotton to protect these privately-held stocks from any sudden price decreases due to the implementation of the FSA. The fiscal year 1989 amount reflects adjustments for these payments. The total value of certificates issued for inventory protection including adjustments is $620,157,411.

(25) A decrease of $7,519,294 in upland cotton first handler certificates ($4,833,371 in 1988). This payment, authorized by the FSA, is required to eligible first handlers of cotton if certain CCC programs fail to make upland cotton fully competitive in world markets and the world market price for cotton is less than the loan repayment rate. The fiscal year 1989 loss represents 1986 crop first handler certificate accounting adjustments. Overall payments of $110,424,813 were made from fiscal years 1986 through 1989.

(26) A decrease of $77,640 in rice marketing certificates ($184,948 in 1988). Similar to the upland cotton first handler certificates, rice marketing certificates must be issued to eligible producers whenever the world price for rice falls below the loan repayment rate. In fiscal year 1986, certificates valued at $540,469 were issued for the 1986 crop and in fiscal year 1987 and fiscal year 1988, certificates valued at $18,210,775 and $184,948 respectively were issued for the same crop. The fiscal year 1989 loss of $107,308 represents additional 1986 crop certificate payment adjustments. Total program payments from fiscal years 1986 through 1989 were $19,043,500.

(27) An increase of $618,976 in the ethanol plants assistance program (-$708,976 in 1988). In order to encourage the use of grain in the production of fuel ethanol, the FSA authorized CCC to make commodities available for sale at no cost or reduced cost to qualifying ethanol producers. The majority of these payments, which were issued in certificates, was made during fiscal years 1986 and 1987. No assistance was provided to ethanol plants in fiscal years 1988 and 1989. The amounts for fiscal years 1988 and 1989 represent adjustments for prior year payments. Payments made over fiscal years 1986 through 1989 totaled $53,647,953.

(28) A decrease of $40,334,920 in emergency feed certificates ($40,862,161 in 1988). In accordance with the FSA, as amended, CCC is authorized to make feed available for livestock and poultry in areas where feed grains are normally produced but are unavailable due to natural disaster. The fiscal year 1989 amount of $527,241 is for payment adjustments in connection with 1986 crop disasters.

(29) A decrease of $805,283,849 in export enhancement certificates ($1,198,759,610 in 1988). To encourage the development, maintenance, and expansion of U.S. exports, the Secretary is required by the FSA to make available to commercial exporters either CCC-owned commodities for bonus payments or issue transferable export certificates which may later be redeemed for CCC commodities. The fiscal year 1989 loss reflects the value of export certificates issued.

(30) An increase of $18,153,756 for targeted export assistance certificates ($104,195,084 in 1988). To counter or offset the adverse effect of subsidies, import quotas or other unfair trade practices in foreign countries, the Secretary must issue certificates which may be exchanged for CCC commodities to assist promotion activities for commodities or products affected by such practices, or use CCC funds at the Secretary's discretion. The fiscal year 1989 amount is for certificate payments issued to assist in these export promotion activities.

(31) An increase of $1,018,000,000 in 1989 crop disaster assistance certificates. ($0 in 1988). The Disaster Assistance Act of 1989 (Public Law 101-82) authorized crop disaster payments to producers who suffered crop losses in 1988 due to damaging weather or related conditions in 1988 or 1989. The fiscal year 1989 loss represents estimated certificate issuance for the 1989 program, of which $17,973,965 was issued in fiscal year 1989.

(32) An increase of $2,921,285 in net disaster assistance certificates for 1986 (-$2,125,674 in 1988). The Omnibus Reconciliation Act of 1987 and the Farm Disaster Assistance Act of 1987 provided assistance, payable in generic certificates, to producers who experienced 1986 crop losses from natural disasters, or to producers who could not plant their 1987 crop due to a 1986 disaster. The majority of these payments were made in fiscal year 1987. Fiscal year 1989 losses reflect additional payment adjustments in connection with 1986 crop disasters. Fund transfers from the Farmers Home Administration of $400,000,000 in fiscal year 1987 and $12,000,000 in fiscal year 1988 were used to offset a portion of the disaster program's cost in fiscal years 1987 and 1988; however, no such transfer was made in fiscal year 1989. Combined fiscal year 1987 through 1989 certificate payments were $567,138,584 and total FmHA transfers to offset a portion of the program's costs were $412,000,000.

(33) An increase of $40,864,391 for the emergency feed program (cash); ($7,467,274 in 1988). The fiscal year 1989 amount reflects program payments during fiscal year 1989 before implementation of the 1988 and 1989 Disaster Assistance Acts.

(34) A decrease of $9,669,576 for the export enhancement program (non-certificate), ($40,342,995 in 1988). Fiscal year 1989 activity reflects the value of CCC-owned corn, wheat, and soybeans issued as bonus payments to U.S. exporters to expand export sales in those markets where unfair foreign trade practices were used. This program, implemented in fiscal year 1985, was modified in fiscal year 1986 whereby bonus payments to exporters may be made in kind or through generic certificates that may be redeemed for CCC-owned commodities.

(35) A decrease of $984,722 in Emergency Feed Assistance Program ($334,699 in 1988). The decrease reflects a negative adjustment of $709,379 for the 1988 program to offset the overstatement of 1988 program liabilities recorded in fiscal year 1988. This is partially offset by an expense of $59,357 for the 1989 program.

(36) An increase of $834,222 for the conservation reserve program (-$15,994,272 in 1988). This increase reflects a small amount of 1988 disaster cost-sharing payments of $3,526, a $201,239 reduction in liquidated damages collected and an accounting adjustment increase of $6,228,851 for annual rental payments issued in certificates. Lower corn bonus payment adjustments partially offset the increase. Beginning in fiscal year 1988, a separate annual conservation reserve appropriation has been enacted with the funds advanced to CCC. As a result, program costs in fiscal year 1988 and subsequent years have been applied, by law, to the direct Conservation Reserve Program appropriation. In fiscal years 1986 and 1987, use of CCC funds was authorized and all losses were charged to CCC.

(37) A net increase of $1,055,878 in payment-in-kind (PIK) program costs (-$1,524,287 in 1988). The increase is due to adjustments to PIK activity for fiscal years 1983 and 1984 accrued losses for the 1983 crops of wheat, corn, grain sorghum, rice and upland cotton, and for the 1984 crop of wheat.

(38) A decrease of $72,316,604 in marketing loan write-offs ($360,918,577 in 1988). The decrease mainly reflects an increase in the adjusted world price for 1988 crop rice. Since the marketing loan write-off rate is based on the difference between the original loan rate and a repayment rate which, in turn, is linked to the world price, the world price increase effectively lowered the write-off rate. A lower 1988 crop versus 1987 crop loan rate for honey which lowered the loan write-off rate also contributed to the decrease in marketing loan write-offs. Increases in marketing loan write-offs for upland cotton partially offset these decreases.

(39) A net decrease (smaller gain) of $60,297,534 in milk marketing fees (-$73,389,485 in 1988). The decrease in fiscal year 1989 reflects three months of operation of the collection program versus nine months operation in fiscal year 1988. Fiscal year 1989 receipts include collections of $13,010,227 authorized by the FSA.

(40) A decrease (gain) of $3,500,589 for tobacco budget deficit assessments collected ($0 in 1988). The fiscal year 1989 amount reflects assessments collected for 1988 crop flue-cured and burley tobaccos required by the Agricultural Reconciliation Act of 1937 in order to reduce CCC outlays. In lieu of a 1.4 percent reduction in the price support level of tobacco, the 1987 Act allowed the Secretary to impose assessments on tobacco producers and purchasers which would achieve an equal reduction. A similar 1.4 percent reduction is required for the 1989 tobacco crop.

(41) A decrease of $38,040,371 in ocean transportation expense for Section 416 export donations ($82,823,868 in 1988). The decrease is mainly due to a decrease in metric tonnage shipped in 1989, particularly in the donation of dairy products.

(42) An increase of $472,377,146 in net interest expense (-$109,998,194 in 1988). The increase is mainly attributable to an increase in outstanding Treasury borrowings of $1.9 billion for commodities and programs along with an increase in the average interest rate paid on borrowings (8.75 percent in 1989 versus 7.25 percent in 1988). A decrease in accrued interest income for the export credit guarantee and rescheduled export guarantee loan programs also contributed to the overall increase.

(43) A decrease of $14,045,891 in operating expenses ($677,471,172 in 1988). Lower miscellaneous operating expenses are primarily responsible for the decrease. Partially offsetting this decrease was an additional $9,000,000 in higher authorized CCC fund transfers to the ASCS Salaries and Expenses Account for 1988 crop drought workload.

RECONCILIATION TO BUDGET AUTHORITY

The analysis on the preceding pages of realized losses covers the differences between the actual 1988 and 1989 losses of the Corporation. The 1988 losses have already been reimbursed. Regardless of whether appropriations made to CCC are to restore losses or are for other purposes, the Corporation must record losses in its books for numerous required purposes, including the computation of capital impairment.

The following table reconciles budget authority with appropriations:

	(thousands of dollars)	
	1990	1991
Appropriation (for realized losses).........	$4,233,000	$6,100,000 a/
Portion applied to debt reduction...........	-4,233,000	-6,100,000
Adjusted Appropriation......................	---	---
Adjustments:		
Authority to borrow.......................	+9,139,283	+13,084,435
National Wool Act appropriation...........	+93,485	+121,316
Budget Authority............................	9,232,768	13,205,751

a/ Proposed to be reimbursed through current, indefinite appropriation as authorized by the Omnibus Budget Reconciliation Act of 1987.

The following tables reflect actual and estimated losses by commodity and program for fiscal years 1988 through 1991.

Fiscal Year 1988 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
Program Costs:							
Gain(-) or loss on sales	4,508.4	2,918.0	1,203.9	-8.8	165.9	336.4	-107.0
Domestic donations	1,437.3	10.2	32.2	25.7	—	1,281.0	88.2
Export donations	272.4	23.6	71.9	7.5	—	168.2	1.2
Storage and handling	985.9	750.5	169.3	-1.4	20.9	16.4	30.2
Transportation	37.1	-15.5	0.7	0.8	—	50.2	0.9
Loans written off	10.9	0.9	0.2	—	0.1	—	9.7
Producer storage payments	669.0	559.3	109.3	—	—	—	0.4
Cash deficiency payments	3,991.6	2,024.6	793.8	417.8	754.8	—	0.6
Cash diversion payments	-4.7	-4.8	-0.1	0.5	-0.1	-0.2	—
Cash loan deficiency payments	114.6	—	—	—	114.6	—	—
Deficiency certificate payments	1,541.5	-222.3	904.7	117.2	741.9	—	—
Diversion certificate payments	672.0	671.5	0.5	—	—	—	—
Rice marketing certificates	0.2	—	—	0.2	—	—	—
First-handler, inventory protection and loan deficiency certificates	2.5	—	—	—	2.5	—	—
Dairy termination program	207.6	—	—	—	—	207.6	—
Conservation reserve program	-16.0	—	—	—	—	—	-16.0
Other certificates b/	1,341.0	—	—	—	—	—	1,341.0
Export enhancement (non-certificate)	40.3	13.6	14.5	—	—	—	12.2
Marketing loan write-offs	360.9	—	—	201.6	112.6	—	46.7
Livestock emergency assistance	1,982.4	—	—	—	—	—	1,982.4
Crop disaster payments	3,492.0	—	—	—	—	—	3,492.0
FCIC crop indemnity payments	1,200.0	—	—	—	—	—	1,200.0
Other c/	219.1	102.5	5.2	-0.5	13.3	-75.4	174.0
Total program costs	23,066.0	6,832.1	3,306.1	760.6	1,926.5	1,984.2	8,256.5
Nonprogram costs:							
Interest (net):							
Support and related	-68.5						
Short-term and intermediate export credit sales	0.1						
Export guarantees	-41.6						
Operating expenses	677.5						
Total nonprogram costs	567.5						
Total realized losses, gross	23,633.5						
Offsetting income from FY 1988 advance appropriation	-14,992.8						
Total, net realized losses	8,640.7						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, 1988 crop disaster payments, livestock assistance, tree assistance, administrative equipment, export guarantee program fees, the conservation reserve program, ocean transportation for export donations, FCIC crop indemnity payments, export enhancement, and targeted export assistance.

b/ Include ethanol plant assistance, export enhancement, targeted export assistance and emergency feed programs.

c/ Includes -$73.4 million for dairy receipts/gains (from assessment program), $50.0 million for forage assistance, $40.0 million for tree assistance program and losses for other programs netting to the $219.1 million shown.

Fiscal Year 1989 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
Program Costs:							
Gain(-) or loss on sales	659.8	529.4	69.7	-22.2	-6.8	121.3	-31.6
Domestic donations	519.3	8.2	35.3	0.8	—	416.3	58.7
Export donations	288.9	125.7	153.6	4.7	—	—	4.9
Storage and handling	586.4	414.9	84.3	0.5	66.2	13.1	7.4
Transportation	40.6	13.9	4.5	4.8	—	16.6	0.8
Loans written off	12.8	0.3	0.3	—	—	—	12.2
Producer storage payments	481.8	377.2	104.4	—	—	—	0.2
Cash deficiency payments	6,570.9	5,033.6	626.4	482.1	428.7	—	0.1
Cash diversion payments	-1.1	-1.4	—	—	—	0.3	—
Deficiency certificate payments	102.1	803.5	-495.8	-73.5	-132.1	—	—
Cash loan deficiency payments	-72.8	—	—	—	-72.8	—	—
Diversion certificate payments	20.0	19.8	0.2	—	—	—	—
Dairy termination program	167.9	—	—	—	—	167.9	—
Livestock Assistance	-1,393.6	—	—	—	—	—	-1,393.6
Cash Crop Disaster Payments	-106.1	—	—	—	—	—	-106.1
Crop Disaster Certificates	1,018.8	—	—	—	—	—	1,018.8
Other certificates b/	518.9	—	—	0.1	2.5	—	516.3
Marketing loan write-offs	288.6	—	—	65.0	186.4	—	37.2
FCIC crop indemnity payments	400.0	—	—	—	—	—	400.0
Other c/	-62.7	-79.6	31.6	-1.0	1.1	-4.7	-10.1
Total program costs	10,040.5	7,245.5	614.5	461.3	473.2	730.8	515.2
Nonprogram costs:							
Interest (net):							
Support and related	290.0						
Short-term and intermediate export credit sales	58.0						
Export guarantees	14.4						
Operating expenses	663.4						
Total nonprogram costs	1,025.8						
Total realized losses, gross	11,066.3						
Offsetting income from FY 1988 advance appropriation	-4,164.6						
Total, net realized losses	6,901.7						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, administrative equipment, export guarantee program fees, the conservation reserve program, ocean transportation for export donations, export enhancement, disaster payments, livestock assistance, FCIC crop indemnity payments, export enhancement, and targeted export assistance.

b/ Other certificates include export enhancement, targeted export assistance programs, loan deficiency, inventory protection, cotton first handler, rice marketing, ethanol plants assistance, and emergency feed.

c/ Includes gains/adjustments of -$113.4 million for forage assistance, tree assistance, the conservation reserve program, payment-in-kind entitlements, milk marketing fees, and the tobacco budget deficit assessment. Offsetting losses for the pre-1988 emergency feed program, export enhancement, ocean transportation for export donations, and losses for other programs net to the -$62.7 million shown.

Fiscal Year 1990 - Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
Program Costs:							
Gain(-) or loss on sales	358.1	135.1	13.1	-9.8	-2.8	222.2	0.3
Domestic donations	472.3	7.7	47.0	—	—	356.4	61.2
Export donations	200.4	120.9	—	—	—	49.5	30.0
Storage and handling	393.3	327.1	47.2	0.1	4.6	11.0	3.3
Transportation	35.6	9.2	4.9	0.8	—	20.4	0.3
Loans written off	4.5	—	—	—	—	—	4.5
Producer storage payments	291.9	223.2	68.5	—	—	—	0.2
Cash deficiency payments	6,393.8	3,715.0	1,671.8	553.0	454.0	—	—
Cash diversion payments	-0.1	-0.1	—	—	—	—	—
Cash loan deficiency payments	10.0	—	—	10.0	—	—	—
Deficiency certificate payments	15.9	18.1	-0.8	-0.4	-1.0	—	—
Diversion certificate payments	11.3	11.3	—	—	—	—	—
Dairy termination program	178.3	—	—	—	—	178.3	—
Livestock Assistance	-0.2	—	—	—	—	—	-0.2
Crop Disaster Payments	0.7	—	—	—	—	—	0.7
FCIC Crop Indemnity Payments	150.0	—	—	—	—	—	150.0
Other certificates b/	766.0	—	—	—	—	—	766.0
Marketing loan write-offs	108.2	—	—	83.7	—	—	24.5
Other c/	22.6	—	—	—	—	—	22.6
Total program costs	9,420.6	4,575.5	1,851.7	637.4	454.8	837.8	1,063.4
Nonprogram costs:							
Interest (net):							
Support and related	32.1						
Short-term and intermediate export credit sales	34.5						
Export guarantees	94.9						
Operating expenses	633.9						
Total nonprogram costs	795.4						
Total realized losses, gross	10,216.0						
Offsetting income from FY 1988 advance appropriation	-259.2						
Total, net realized losses	9,956.8						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, FCIC crop indemnity payments, administrative equipment, export guarantee program fees, ocean transportation for export donations, export enhancement, and targeted export assistance.

b/ Other certificates include export enhancement and targeted export assistance programs.

c/ Other costs include depreciation costs associated with administrative equipment, miscellaneous expenses and receipts/gains from export guarantee fees.

Fiscal Year 1991 - Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
Program Costs:							
Gain(-) or loss on sales	368.1	283.6	20.9	-0.3	—	63.5	0.4
Domestic donations	493.6	6.4	38.5	—	—	385.2	63.5
Export donations	100.7	100.7	—	—	—	—	—
Storage and handling	424.3	360.2	52.4	0.1	—	8.8	2.8
Transportation	37.5	13.3	3.2	0.8	—	20.1	0.1
Loans written off	3.1	—	—	—	—	—	3.1
Producer storage payments	70.0	70.0	—	—	—	—	—
Cash deficiency payments	10,123.4	6,441.5	2,513.0	622.9	546.0	—	—
Cash diversion payments	0.0	—	—	—	—	—	—
Cash loan deficiency payments	7.1	—	—	7.1	—	—	—
Deficiency certificate payments	—	—	—	—	—	—	—
Diversion certificate payments	—	—	—	—	—	—	—
Dairy Termination Program	106.1	—	—	—	—	106.1	—
FCIC Crop Indemnity Payments	300.0	—	—	—	—	—	300.0
Other certificates b/	1,100.0	—	—	—	—	—	1,100.0
Marketing loan write-offs	150.3	—	—	123.4	—	—	26.9
Other c/	-51.8	—	—	—	—	—	-51.8
Total program costs	13,232.4	7,275.7	2,628.0	754.0	546.0	583.7	1,445.0
Nonprogram costs:							
Interest (net):							
Support and related	47.0						
Short-term and intermediate export credit sales	16.1						
Export guarantees	55.6						
Operating expenses	641.3						
Total nonprogram costs	760.0						
Total realized losses, gross	13,992.4						
Offsetting income from FY 1988 advance appropriation	-168.5						
Total, net realized losses	13,823.9						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, FCIC crop indemnity payments, administrative equipment, export guarantee program fees, ocean transportation for export donations, export enhancement, and targeted export assistance.

b/ Other certificates include export enhancement and targeted export assistance programs.

c/ Other costs include depreciation costs associated with administrative equipment, miscellaneous expenses, and receipts/gains from export guarantee fees.

The preceding tables reflect actual and estimated losses by commodity and program which are usually restored by annual appropriations for reimbursement of net realized losses. However, in fiscal year 1988 only, CCC was provided an appropriation for "Operating Expenses" of $21,133.7 million. The appropriation was subdivided into specific spending authorizations for 17 individual CCC programs and activities, and included authority to transfer up to 7 percent of the amount available for any program to any other program. Application of the advanced funding provided by the "Operating Expenses" appropriation reduced fiscal year 1988 gross losses of $23,633.5 million proportionate to "Operating Expenses" funds used. Net realized losses in fiscal year 1988 were $8,640.7 million as a result of the $14,992.8 million income offset. Another $4,164.6 million of the "Operating Expenses" appropriation was applied to reduce fiscal year 1989 gross realized losses of $11,066.4 million for a net realized loss in fiscal year 1989 of $6,901.7 million. The remainder of the "Operating Expenses" appropriation of $427.8 million will be applied to reduce fiscal year 1990 and 1991 gross realized losses.

No "7-percent" transfers were necessary in 1988 and 1989 because CCC has several other funding sources which can be utilized if individual spending authorizations are exceeded. These include available borrowing at the start of the fiscal year and program receipts from operations.

COMMODITY CREDIT CORPORATION

STATUS OF PROGRAM

Introduction

The Commodity Credit Corporation carries out operations on a nationwide basis involving many agricultural commodities. These actions have an economic impact on domestic and international markets. The Corporation makes loans on agricultural commodities and may barter agricultural commodities for materials, goods, services, and equipment. CCC operations, including the purchase, sale, storage, and handling of commodities and materials, involve many different trade practices. The Corporation uses normal trade facilities to the fullest practicable extent in its operations. Such facilities include commercial banks, growers organizations, brokers, exporters, cooperative associations, warehouses, and others.

Although ASCS, through its personnel and facilities, administers support operations, the programs are financed by the Corporation.

The principal activities carried out by the Corporation involve:

1. Support and related activities
2. Commodity export activities
3. Storage activities
4. Supply and foreign purchase programs
5. Acquisition and disposal activities
6. Special activities

SUPPORT AND RELATED ACTIVITIES

Commodities Covered

ASCS administers support programs for wheat, corn, cotton (upland and extra long staple), peanuts, rice, tobacco, sugar beets and cane, milk, wool, mohair, barley, oats, grain sorghum, rye, soybeans, honey, and seed cotton.

Purpose of Support Activity

CCC support activity provides a more orderly marketing environment for farmers, particularly in periods when bountiful harvests threaten to push prices of farm commodities down to unprofitable levels. Inventories accumulated during these periods are released into the marketplace as needed to stabilize supplies and prices.

Technique for Administering Support Operations

Support is achieved through loans, purchases, and payments for selected commodities at announced or guaranteed levels. The Food Security Act of 1985 continued the target price and loan rate system for the 1986 through 1990 crops, providing income support and price protection to farmers. Income to growers is protected through an established target price mechanism for the major commodities: feed grains, rice, wheat, and cotton. If the average market price for the stated period drops below the target level, a deficiency payment is made to eligible producers equal to the difference between the target price and the higher of the loan level or the average market price. Provisions in the Food Security Act of 1985 (P.L. 99-198) allow CCC to issue generic commodity certificates as well as cash in making such payments. These certificates are generic in that they may be exchanged for any commodity either owned by CCC or under loan.

For the 1988 crops, wheat, feed grain, cotton and rice producers received 40 percent of their estimated deficiency payment in advance. For the 1989 crops, wheat and feed grain producers received 50 percent of their estimated deficiency payment in advance; upland cotton and rice producers received 40 percent. One-half of the 1988 crop advance deficiency payments were made in cash and one-half were made in commodity certificates. Wheat and feed grain producers received 40 percent of their 1989 crop projected deficiency payments in cash and 10 percent in certificates. Upland cotton and rice producers received 30 percent of their projected deficiency payments in cash and 10 percent in certificates. In fiscal year 1988, $3,971.8 million in total cash deficiency payments were made. Of this amount, $1,470.0 million was for 1986 crops, $251.0 million was for 1987 crops, and $2,250.8 million was for 1988 crops. In fiscal year 1989, $5,798.3 million in total cash deficiency payments were made. Of this amount, $1,042.3 million was for 1987 crops, $1,382.5 million for 1988 crops, and $3,291.0 million for 1989 crops. In fiscal years 1988 and 1989, 1,194,588 farms received $5,937.7 million in 1988 crop cash and certificate deficiency payments. In fiscal year 1989, 1,030,626 enrolled farms received $4,024.3 million in 1989 crop cash and certificate deficiency payments.

Beginning with the 1982 crops, disaster payments were authorized only for wheat, feed grain, upland cotton, and rice producers for whom Federal crop insurance was not available and who were prevented from harvesting a designated percentage of their normal production because of natural disaster. The 1985 Act extends eligibility to receive disaster payments to peanut, soybean, and sugar producers in addition to wheat, feed grain, upland cotton, and rice producers. The Secretary may also authorize disaster payments if losses create an economic emergency too serious to be relieved by crop insurance or other Federal assistance. Payments may be made in cash, in kind from CCC-owned stocks, or in generic certificates.

Eligibility for support loans, purchases, and payments is conditional on compliance with program requirements for the particular commodity, including set-aside or acreage reduction and land diversion provisions, if in effect. Support loans to producers are "nonrecourse." With this type of loan, producers are guaranteed at least the support price for the commodity they have put up as collateral. If market prices are above support levels, producers can pay off their loans and market their commodity. If market prices fail to rise above support levels, producers can deliver the commodity to the Corporation and discharge their obligations in full.

Under the 1985 Act the Secretary of Agriculture has, for the first time, authority to permit commodity loan repayments at less than the original loan principal--the so-called "marketing loan" provision. The marketing loan results in an effective reduction in the loan rate, thereby reducing the likelihood of loan collateral forfeitures and enhancing market competitiveness for U.S. commodities. Marketing loans were in effect for 1985 through 1987 crop rice and 1986 through 1987 crop upland cotton and honey. Marketing loans are currently in effect for these same commodities for the 1988 and 1989 crops.

CCC is authorized to make recourse loans to producers for on-farm storage facilities. However, the CCC Charter Act, as amended, mandates that facility loans be available in areas where the Secretary determines there is a shortage of farm storage. These loans are carried in the accounts at the unpaid principal balance and are secured by chattel or real estate mortgages.

Seed cotton loans are made on a recourse basis during cotton ginning operations. For most commodities, loans are made directly to producers on the unprocessed commodity through ASCS county offices. Some commodities are also purchased directly from processors. Milk prices are supported through purchases of processed dairy products from processors. Support on tobacco and peanuts is carried out through loans to producer associations that, in turn, make support available to producers. Loans may also be made available through cooperative marketing associations for cotton and grains instead of through ASCS county offices. In order to more effectively recover the cost of money to CCC, a variable interest rate is charged by CCC on commodity and storage facility loans. The initial interest charged to producers by CCC is the rate charged CCC by the U.S. Treasury during the month the loan is disbursed. The average CCC loan interest rate in fiscal year 1989 was 8.75 percent. In fiscal year 1990 the monthly interest rate was 8.125 percent in November, 7.875 percent in December, and 7.75 percent in January.

Loan and Purchase Volume - Fiscal Year 1989

Dollar volume of support extended through loans in fiscal year 1989 totaled $7,067.6 million, with acquisitions of commodities under loan amounting to $1,054.8 million. Purchases of dairy products, purchases of products of wheat, corn, oats, peanuts, and vegetable oils for donations, and purchases of grains and soybeans on which loans are also made totaled $2,201.2 million. Of this amount, $611.1 million was for dairy products. Also, $1,103.0 million of total purchases was for commodity certificates transferred from the loan account. These certificate purchases represent a required accounting transaction to show the effect on inventory of certificate payments to producers used to redeem outstanding commodity loans. The associated reduction in outstanding loans is recorded as a loan repayment receipt, which fully offsets the inventory purchase expenditure. Therefore, no net expenditures result from this required certificate accounting treatment.

Loan availability varies by commodity. For the major commodities, the loan availability period is as follows:

a. Wheat, rice, barley, oats, and rye	- from time of harvest through March 31
b. Corn, sorghum, cotton, and soybeans	- from time of harvest through May 31
c. Peanuts:	
Warehouse Stored	- from time of harvest through January 31
Farm-Stored Quota	- from time of harvest through March 31
Farm-Stored Additional	- from time of harvest through January 31

Set-Aside, Acreage Reduction, and Diversion Programs

The 1985 Act continues the Secretary's authority to reduce acreage planted for the 1986 through 1990 crops when supplies are excessive through acreage reduction, set-aside, paid land diversion (PLD) programs, or through a combination of these. However, rather than being discretionary, specific acreage reduction programs are now required when carryover stocks are expected to exceed certain levels. For the 1988 crops, acreage reduction requirements were 20 percent for corn, grain sorghum and barley, 5 percent for oats, 25 percent for rice, 12.5 percent for upland cotton, 27.5 percent for wheat, and 10 percent for ELS cotton. For the 1989 crops, acreage reduction requirements are 10 percent for corn, grain sorghum, and barley, 5 percent for oats, 25 percent for rice and upland cotton, 10 percent for wheat, and 5 percent for ELS cotton.

The Secretary is also authorized to make land diversion payments to assist in adjusting the acreage of commodities to desirable goals. These payments may be made in cash, in kind, or in generic certificates which may be redeemed for CCC-owned commodities. For the 1988 crop, a 10-percent PLD program was in effect for corn, barley and grain sorghum.

No PLD program was in effect for the 1989 crops. A total of 521,623 producers received $643.5 million in 1988 crop cash and certificate diversion payments in fiscal years 1988 and 1989.

Certificate Programs

The 1985 Act authorized a number of new programs that provide for payments to be made in generic certificates. These programs include the Targeted Export Assistance and the Export Enhancement programs, designed to maintain and expand export markets for U.S. agricultural commodities and counter unfair trade practices by foreign competitors; the Ethanol Plant Assistance Program to encourage the use of grain in the production of ethanol fuel; the issuance of marketing certificates to rice and cotton producers and first handlers of cotton to increase these commodities' competitiveness in world markets; and the Conservation Reserve Program, implemented to remove highly erodible cropland from production for ten years. The 1989 crop disaster program, authorized by the Disaster Assistance Act of 1989, provides assistance to producers who suffered 1989 crop production losses because of adverse weather or related conditions, payable in generic commodity certificates. In fiscal year 1989, the total CCC value of certificates issued for all purposes was $2,496.0 million.

The table below itemizes CCC certificate payments by program for fiscal years 1988 and 1989:

Actual CCC Value of Certificates Issued (thousands of dollars)

	FY 1988	FY 1989
Deficiency Payments	$7,765,122	$1,951,767
Diversion Payments	692,740	20,015
Upland Cotton Loan Deficiency	296	1,248
Upland Cotton Inventory Protection	-2,630	3,953
Upland Cotton First Handler	4,833	-2,686
Rice Marketing	185	107
Disaster Certificates (1986 crop)	9,874	796
Disaster Certificates (1989 crop)	--	17,974
Export Enhancement Program	1,198,760	393,476
Targeted Export Assistance	104,195	122,349
Ethanol Plant Assistance	-709	-90
Conservation Reserve Program	759,067	-13,509
Emergency Feed Program	40,862	527
Distress Commodity Program	36	108
Total	10,572,631	2,496,035

Disaster Assistance

The Disaster Assistance Act of 1988, Public Law 100-387, was enacted on August 11, 1988, to provide disaster assistance to producers who experienced livestock or crop losses due to drought, hail or excessive moisture in 1988. For "target" price commodities including wheat, feed grains, upland and ELS cotton, and rice, Title I, Section 201(a) of the Act required the Secretary to make disaster payments to eligible producers if their 1988 crop production loss was greater than 35 percent. Payments were based on a percentage of the legislatively set "target" price. Wheat, feed grain, rice and upland cotton producers who received 1988 crop advance deficiency payments were not required to refund these otherwise unearned payments on the first 35 percent of their production loss. However, Section 201(b)(4) of the Act required producers to refund deficiency payments on the remaining 65 percent if they received a disaster payment in connection with that loss. Producers who elected not to participate in the 1988 price support programs for the "target" price commodities and who experienced a production loss of more than 35 percent received a disaster payment based on a percentage of the county loan rate for that commodity. Disaster payments to producers of non-"target" price commodities including 1988 crop peanuts, sugar, tobacco and soybeans were also required for crop losses greater than 35 percent. For peanuts, the payment was based on a percentage of the price support level; for tobacco, on a percentage of the loan rate and for sugar beets and sugarcane, the Secretary was required to establish a payment rate that was "fair and reasonable" in relation to the 1988 crop sugar price support rate. Payment for soybean losses were based on a percentage of the average price received by producers in the five preceding marketing years, excluding the highest and lowest prices.

Section 606(a) of the 1988 Disaster Assistance Act amended the Agricultural Act of 1949 to also provide for emergency feed assistance for the maintenance and preservation of livestock to producers who suffered a livestock emergency due to natural disasters. The Secretary was required, upon determination that a livestock emergency existed, to implement one or more of the following assistance programs: (1) donate CCC-owned feed grains, (2) sell CCC-owned feed grains, (3) provide up to 50 percent of the transportation and handling costs for donated or sold CCC-owned grains, and/or (4) provide up to 50 percent of the cost for feed purchased by the producer during the livestock emergency. Eligible livestock producers with qualifying annual gross revenues of less than $2.5 million received either 50 percent cost-share assistance for livestock feed or CCC-owned grains at 75 percent of the county loan rate where the grain was stored.

The majority of payments under the Disaster Assistance Act of 1988 were made in fiscal year 1989. In fiscal year 1989, $3,385.9 million in cash crop disaster payments were made. Emergency feed program payments issued in fiscal year 1989 totaled $525.8 million. Under the Emergency Feed Assistance Program, 820.9 million pounds of CCC-owned grain were sold at subsidized prices during fiscal year 1989.

The Disaster Assistance Act of 1989, Public Law 101-82, was enacted on August 14, 1989, to provide disaster assistance to producers who experienced livestock or crop losses due to damaging weather or related conditions in 1988 or 1989. For "target" price commodities including wheat, feed grains, upland and ELS cotton, and rice, Section 101(a) of the Act requires the Secretary to make disaster payments to eligible producers if their 1989 crop production loss is greater than 40 percent (35 percent in the case of producers who purchased crop insurance for the 1989 crop). Payment will be made at 65 percent of the basic rate established for each commodity. The basic rate for participating "target" price commodities is the target price. Producers who elected not to participate in the 1989 price support programs for the "target" price commodities and who experienced a production loss of more than 50 percent will receive a disaster payment based on 65 percent of the county loan rate for that commodity. Disaster payments to producers of non-"target" price commodities including 1989 crop peanuts, sugar, tobacco and soybeans are also required for crop losses greater than 40 percent (35 percent in the case of producers who purchased crop insurance for the 1989 crop). For peanuts, the payment will be based on 65 percent of the price support level; for tobacco, on 65 percent of the loan rate and for sugar beets and sugarcane, the Secretary must establish a payment rate that is "fair and reasonable" in relation to the 1989 crop sugar price support rate. Payment for soybean and nonprogram losses will be based on 65 percent of the average price received by producers in the five preceding marketing years, excluding the highest and lowest prices. Wheat, feed grain, rice and upland cotton producers who received 1989 crop advance deficiency payments will not be required to refund their otherwise unearned payments on the first 40 percent of their production loss (35 percent in the case of producers who purchased crop insurance for the 1989 crop).

Title II of the 1989 Disaster Act amended the Agricultural Act of 1949 to provide that eligible livestock producers who have qualifying annual gross revenues less than $2.5 million and who suffer a loss of 40 percent or more of their normal feed production with cost share assistance for livestock feed or Commodity Credit Corporation grain at 50 percent of the average county price. Under Title II producers have the option of purchasing feed grain stored on the farm that has been pledged as loan collateral for a CCC price support loan.

The majority of payments under the Disaster Assistance Act of 1989 will be made in fiscal year 1990. Disaster payments will be made in generic commodity certificates. Regulations covering the disaster payment program were issued on October 2, 1989. Disaster applications for crop losses must be filed by April 2, 1990. Applications for assistance under the Emergency Feed Assistance Program, Emergency Feed Program and Prickly Pear Cactus Burning Program must be filed by December 31, 1989.

For the livestock and crop assistance programs combined, payments made may not exceed $100,000 under each of the two disaster acts. In addition, livestock emergency benefits may not exceed $50,000 in a calendar year. To avoid double benefits, producers are ineligible for a disaster payment if they have received emergency livestock assistance on the same crop production loss.

Forage Assistance Program

This program was authorized by section 103 of the Disaster Assistance Act of 1988 (P.L. 100-387) and provided assistance to eligible livestock producers whose established pastures were damaged by drought or related conditions in 1988. The CCC was authorized to provide assistance to producers in reseeding permanent forage crops on their established pastures and to facilitate late fall 1988 and early 1989 grazing. Cost-share assistance of 50 percent of eligible costs, including seed, fertilizer, and other inputs on reseeded pasture, were provided up to a maximum of $3,500 per person.

Regulations covering this program were issued on October 21, 1988. Since no more than $50 million of CCC funds were to be used for this program, additional fund control procedures were established to assure that the CCC limitation was not exceeded. Forage Assistance Program payments issued in fiscal year 1989 totaled $4.6 million.

Tree Assistance Program

The Disaster Assistance Act of 1988 authorized the Secretary of Agriculture to reimburse eligible persons for losses of tree seedlings killed by drought or related conditions, if they were planted for commercial purposes in 1987 or 1988. Drought loss of eligible seedlings on an individual stand must have exceeded 35 percent, after adjustment for normal seedling mortality. Reimbursement was made for 65 percent of the cost of replanting that portion of the adjusted loss which exceeded 35 percent. Payments were only made to the owners of the trees, who were not eligible for payment unless they owned 1,000 acres or less of commercial trees and received less than $2 million annually in qualifying gross revenues. No person was permitted to receive more than $25,000 in 1988 Tree Assistance Program payments. Regulations covering this program were issued on October 13, 1988. Tree Assistance Program payments issued in fiscal year 1989 totaled $2.2 million.

The Disaster Assistance Act of 1989 extended this program for trees and seedlings lost as a result of freezing or related conditions in 1989. Loss of eligible seedlings on an individual stand must exceed 45 percent, after adjustment for normal seedling mortality. Reimbursement will be made for 65 percent of the cost of replanting that portion of the adjusted loss which exceeds 45 percent. Payments may only be made to the owners of the trees, who were not eligible for payment unless they own 1,000 acres or less of commercial trees and received less than $2 million annually in qualifying gross revenues. No person may receive more than $25,000 in 1989 Tree Assistance Program payments.

The Disaster Assistance Act of 1989 also provides for cost-share payments to producers who suffered a loss of orchard trees or seedlings due to freezing or related conditions in 1989. Assistance will be available at 65 percent of the cost to replant these trees, in excess of 45 percent mortality plus normal mortality. Producers must own 500 acres or less of such trees.

Conservation Reserve Program

This program is authorized by the Food Security Act of 1985 and was started in fiscal year 1986. The primary objectives of the program are to help farm owners and operators control critical soil erosion on up to 45 million acres of America's cropland and to decrease production of surplus agricultural commodities.

In return for signing 10-year contracts agreeing to take eligible cropland out of production and establishing permanent cover on the cropland, program participants receive an annual rental payment in cash or CCC certificates and a one-time cost-share assistance payment to cover half the cost of establishing the permanent cover. The Food Security Act of 1985 authorizes a 5-year period, from 1986 through 1990, to bring acreage into the program.

For fiscal years 1986 and 1987, the 1985 Act provided that the program be funded directly by CCC, with the remaining years funded by appropriations to be provided in advance. In fiscal year 1989, a separate CRP appropriation of $1,727.5 million was enacted (net of a $61.5 million transfer to the Soil Conservation Service and a legislated rescission of $75.0 million), and approximately $1,162.1 million in rental payments and $182.3 million in cost-share payments were funded by the appropriation. Total fiscal year 1989 outlays for the CRP program were $1,372.2 million. Unobligated appropriated funds are available for financing future fiscal years' costs.

Additional information on this program may be found elsewhere in these CCC Explanatory Notes.

Grain Reserves

The Farmer-owned Reserve (FOR) program allows eligible wheat and feed grain producers to store grain under loan and receive annual storage payments. Payments are made at the rate of 26.5 cents per bushel for corn, wheat, sorghum and barley and 20 cents per bushel for oats. Program provisions also allow the Secretary to waive interest charges. Interest is usually waived on the loans after the first year. When the market price reaches the trigger (release) level, producers are permitted to repay their loans without penalty. Storage payments cease after the second consecutive release announcement. The Food Security Act of 1985 provides specified percentage levels which determine the size of the farmer-owned reserve. Wheat levels ranged from 17 to 30 percent and feed grains 7 to 15 percent of the estimated annual usage beginning with the 1986 crop year. The Agricultural Reconciliation Act of 1987 modified the minimum levels for the farmer-owned reserve of wheat to 300 million bushels and for feed grains to 450 million bushels. Entry into the reserve program was not permitted for maturing 1986, 1987, and 1988 crop wheat and feed grain loans since the quantities in the reserve from earlier crop years exceeded the established upper limits for the grains at the time the loans matured. Entry into the reserve program will not be permitted for maturing 1989 crop wheat and feed grains if the quantities in the reserve from earlier crop years exceed the established upper limits and farm prices are above 140 percent of the respective loan rates.

Commodities in the farmer-held grain reserve as of December 19, 1989, are as follows:

Crop	Bushels (millions)	Metric Tons (millions)
Corn	451.2	11.5
Grain Sorghum	15.7	0.4
Barley	5.5	0.1
Oats	0.1	*
Subtotal	472.5	12.0
Wheat	168.3	4.6
Total	640.8	16.6

*Fewer than 50,000 metric tons.

A food security wheat reserve of 147 million bushels was established on January 16, 1981, under the provisions of the Agricultural Act of 1980. Wheat released from the reserve may be used only to meet urgent humanitarian food needs in developing countries and is currently available to developing countries under Title II of Public Law 480. CCC shall be reimbursed from Public Law 480 funds at the lower of actual costs incurred or the export market price of wheat at the time of release.

On October 26, 1988, the President authorized the release of up to 1.5 million metric tons of wheat from the reserve for use in P.L. 480 programs during fiscal year 1989. This release was prompted by the reduced domestic supply of wheat; the wheat was used in the Titles I/III and Title II programs. Approximately 55 million bushels (1.5 million metric tons) of wheat was committed in fiscal year 1989 for use in the Titles I/III and the Title II programs. On September 14, 1989, the President authorized the release of an additional 2.0 million metric tons of wheat for use in P.L. 480 Titles I/III and Title II programs. The use of the entire 2.0 million metric tons would leave approximately 18 million bushels of wheat in the reserve.

Dairy Program

The Food Security Act of 1985, enacted December 23, 1985, continued price support for milk at $11.60 per hundredweight for the period January 1 through December 31, 1986, and established the support price at $11.35 per hundredweight during the period January 1 through September 30, 1987. Under provisions of the Act, the support price was reduced to $11.10 per hundredweight for the period October 1 through December 31, 1987. On January 1, 1988, 1989 and 1990 the support price would be reduced 50 cents per hundredweight if estimates of CCC purchases for the next twelve-month period were in excess of five million pounds milk equivalent. If CCC price support purchases of dairy products were estimated to be less than 2.5 billion pounds milk equivalent, the support price must be increased 50 cents per hundredweight. On January 1, 1988, the support price was reduced to $10.60 per hundredweight.

The Disaster Assistance Act of 1988 rescinded the Secretary of Agriculture's authority to lower the support price for milk by 50 cents per hundredweight on January 1, 1989. The Act also provided for a temporary increase of 50 cents per hundredweight in the support price that was in effect immediately before April 1, 1989. The temporary increase was effective from April 1 through June 30, 1989. The price support level for milk reverted to $10.60 per hundredweight on July 1, 1989.

To provide for more balance in CCC purchases of dairy products, legislation (Public Law 101-7) provided that in implementing the 50 cent per hundredweight reduction in milk, not more than 25% of the price support decrease would be reflected in the purchase price of nonfat dried milk and that at least 75% of the decrease would be reflected in the purchase price of butter. The legislation, however, allows the Secretary to reallocate the price support decrease between butter and nonfat dried milk to minimize CCC expenditures. As a result of market conditions, this 50 cent decrease was applied entirely to the purchase price of butter.

The Food Security Act of 1985 also required a deduction of 40 cents per hundredweight from producers for milk marketed from April 1 through December 31, 1986, and 25 cents per hundredweight for January 1 through September 30, 1987. The Food Security Improvements Act of 1986 mandated an additional deduction of 12 cents per hundredweight from April 1 through September 30, 1986. This reduction was specifically in lieu of reductions in CCC purchase prices for milk and milk products, which would have been necessary to comply with the 1986 Gramm-Rudman-Hollings sequester order. The Agricultural Reconciliation Act of 1987 mandated a 2 1/2 cents reduction for January 1 through December 31, 1988. During fiscal years 1988 and 1989, CCC collected a total of $86.5 million in milk marketing fees. The Fiscal Year 1988 Rural Development, Agriculture, and Related Agencies Appropriations Act requires that any future reduction in dairy budget outlays required under the Balanced Budget and Emergency Deficit Control Act of 1985, shall be achieved through deductions rather than any reductions in support purchase prices.

The Food Security Act of 1985 also provided for a milk production termination or "whole-herd buyout" program effective for an 18-month period beginning April 1, 1986. Under the program, producers receive payment from CCC in exchange for discontinuing milk production for five years. Payments are based on accepted contract bids submitted by producers and will be made over a six-year period covering fiscal years 1986 through 1991. Bids were accepted to end dairy production in three periods: April-August 1986, September 1986-February 1987, and March-August 1987. Dairy termination payments made to producers were $489.2 million in fiscal year 1986, $587.0 million in fiscal year 1987, $259.5 million in fiscal year 1988, and $167.9 million in fiscal year 1989, for a total to date of $1.504 billion.

To minimize the adverse effect of the milk production termination program on beef, pork, and lamb producers for the 18-month period, CCC funds were used to purchase and distribute 461.0 million pounds (contract-weight basis) of red meat for use in the school lunch program, donations to institutions, and/or for export sales. Red meat purchases were 161.8 million pounds at a cost of $169.1 million in fiscal year 1986, 238.3 million pounds at a cost of $249.0 million in fiscal year 1987, and 52.3 million pounds at a cost of $55.6 million in fiscal year 1988, for a total to date of 452.4 million pounds at a cost of $473.7 million.

Sugar Program

The Food Security Act of 1985 requires a sugar price support loan program for the 1986 through 1990 crops, effective October 1, 1986. Under this program, price support is available to producers through 6-month non-recourse loans to eligible processors. The level of support for domestically grown raw cane sugar is 18 cents per pound for the 1988 and 1989 crops. Sugarbeets are supported at a level that is "fair and reasonable" in relation to the loan rate for sugarcane; the price support level for refined sugarbeets is 21.37 cents per pound for the 1988 crop, and 21.54 cents per pound for the 1989 crop. The 1985 Act mandates that the program be operated at no cost to the Federal Government by preventing the accumulation of sugar by the CCC.

Wool and Mohair Program

Payments made during fiscal year 1989 on 1988 wool marketings totaled $39.4 million. Payments made on mohair marketings during fiscal year 1989 totaled $48.4 million. The program is discussed further under the National Wool Act elsewhere in these Notes.

Prompt Payment Act Interest Payments

The Rural Development, Agriculture and Related Agencies Appropriations Act for Fiscal Year 1988 (P.L. 100-202) requires CCC to pay a late payment interest penalty on all types of payments, including price support loans if CCC fails to make a payment by the required due date for obligations incurred after January 1, 1988 (payments for the 1988 crop year). Because of this statutory mandate, CCC established payment due dates for farm program payments. Previously, CCC paid interest only on late payments made for the procurement of property or services. Based on provisions in the Prompt Payment Act Amendments of 1988 (P.L. 100-496), beginning with obligations incurred on or after January 1, 1989 (payments for the 1989 crop year), all CCC payments are subject to provisions of the Prompt Payment Act. Total interest paid on late payments during fiscal year 1989 was $3.3 million.

Agricultural Reconciliation Act of 1987 (Public Law 100-203)

On December 22, 1987, the President signed into law the Agricultural Reconciliation Act of 1987. This law provided for program-specific spending reductions to be made in fiscal years 1988 and 1989. For the "target" price commodities including wheat, feed grains, rice, upland and ELS cotton, the 1987 Act required a 1.4 percent reduction in the minimum target price levels originally established by the Food Security Act of 1985 for the 1988 and 1989 crops. For non-target price commodities, the 1987 Act mandates certain price support reductions including a 2.0 cent reduction in the loan rate for 1987 honey, a 0.75 cent reduction in the 1988 honey loan rate, and 0.5 cent and 0.25 cent reductions in the 1989 and 1990 honey loan rates, respectively. The price support level of wool and mohair was decreased by 1.4 percent for each of the 1988 and 1989 marketing years. Outlay reductions for the dairy price support program were achieved through an assessment of 2.5 cents per hundredweight on all milk produced in the U.S. and marketed for commercial use during calendar year 1988. Loan amounts received by sugar processors and peanut producers were reduced by 1.4 percent for the 1988 and 1989 marketing years. Tobacco loan rates for the 1988 and 1989 crops may be reduced by 1.4 percent, or assessments may be collected from producers and purchasers of tobacco to total an amount equal to the savings that would have arisen from a 1.4 percent price support reduction. For the 1988 and 1989 burley crops, savings were achieved by assessing burley producers and buyers each 0.2 cents per pound. For the 1988 flue-cured crop, producers and buyers were each assessed 0.13 cents per pound and for the 1989 crop, .12 cents per pound each. CCC storage, handling and transportation expenditures were required to be reduced by a total of $230 million from the 1988 and 1989 amounts projected to be spent when the Gramm-Rudman-Hollings baseline was determined in August 1987.

The 1987 Act also required significant changes to other price support program features. 1988 crop loan rates for wheat, feed grains, upland cotton and rice could not be reduced by more than 3 percent from 1987 levels, less than the 5 percent reduction permitted by the Food Security Act of 1985 (1985 Act). For the 1989 crops, 5 percent was the maximum allowable decrease in the loan rates; however, the Secretary could apply a "snap-back" provision which would reduce the loan rate an additional 2 percent to maintain market competitiveness. The provision in the 1985 Act limiting the amount of honey loans that could be outstanding at any one time to $250,000 was removed. In addition, a 10 percent voluntary paid land diversion program was required for the 1988 crops of corn, grain sorghum and barley. The diversion payment rate for corn was set at $1.75 per bushel by the Act and payment rates for grain sorghum and barley were set at levels the Secretary determined to be fair and reasonable in relation to the rate established for corn. The 1987 Act also limited the acreage reduction program for oats to 5 percent for the 1988 and 1989 crops. For the 1988 through 1990 crops, advance deficiency payments of at least 40 percent of the projected total payment must be made to wheat and feed grain producers and of at least 30 percent to rice and upland cotton producers. Overall, no more than 50 percent of the projected deficiency payment may be paid in advance.

Finally, the 1987 Act contained significant modifications to the payment eligibility and payment limitation requirements. In order to receive payments under the various price support programs, one must be "actively engaged in farming." Previously, no such provision existed. By "actively engaged in farming," the producer must contribute capital, land and/or equipment to the farming operation. In addition, the producer must make a significant contribution of active personal labor and/or active personal management to the farming operation. Foreign persons must also provide a significant contribution of capital, land and active personal labor to be eligible for payments. Furthermore, the 1987 Act limits the number of farming entities from which an individual may receive payments to three. To the extent that the individual is already receiving a payment for his own farming operation, he may receive payments from two additional farming entities. Originally, there were no limitations on the number of entities from which an individual could receive payments.

Summaries of Support and Related Activities

Table I below itemizes cash direct payments made to producers by fiscal year:

Table I Payments to Producers, excluding PIK and Certificates (millions of dollars)

Item	1983 Actual	1984 Actual	1985 Actual	1986 Actual	1987 Actual	1988 Actual	1989 Actual
Rice....................	$409.1	$113.8	$650.0	$363.1	$376.2	$45.8	$614.0
Feed Grains..............	1,310.3	442.1	2,944.0	3,334.1	2,363.2	2,968.5	3,499.7
Wheat....................	967.4	1,081.1	2,391.2	1,688.9	1,546.8	758.1	619.6
Cotton, Upland and ELS...	913.1	144.4	1,211.0	870.1	989.2	212.5	1,109.4
Dairy....................	--	335.6	630.7	489.6	586.8	259.3	168.2
Subtotal.............	3,599.9	2,117.0	7,826.9	6,745.8	5,862.2	4,244.2	6,010.9
Wool and Mohair..........	88.3	123.2	102.5	116.5	145.4	128.2	87.8
Total Payments.........	3,688.2	2,240.2	7,929.4	6,862.3	6,007.6	4,372.4	6,098.7

Table II below itemizes a summary of support and related operations:

Table II - CCC Loan, Inventory, and Related Activities (millions of dollars)

Item	1987 Actual	1988 Actual	1989 Actual
Support and Related Activities:			
Loan Activity (including Storage Facilities):			
Loans Outstanding, Beginning of Year	$18,668.4	$15,173.6	$8,353.7
Loans Made	16,566.3	13,302.0	7,067.7
Loans Repaid	-4,471.4	-8,757.2	-8,001.8
Commodity Loans Repaid with PIK	-4.5	-.2	-.2
Commodity Loans Repaid with Certificates	-8,843.6	-8,860.5	-1,102.9
Marketing Loans Repaid	-574.2	-360.9	-288.6
Collateral Acquired	-6,144.3	-2,109.9	-1,054.8
Write-offs	-10.5	-10.9	-12.8
Transfers to Accounts Receivable	-12.6	-22.3	-38.7
Loans Outstanding, End of Year	15,173.6	8,353.7	4,921.6
Inventory Activity:			
Inventory, Beginning of Year	11,049.6	11,734.9	5,588.2
Commodity Purchases	1,829.9	1,573.7	1,098.1
Purchases for PIK	4.6	0.2	.2
Purchases for Certificates	8,843.6	8,860.5	1,102.9
Purchases - Unapplied Receipts Offset	533.8	-533.8	--
Collateral Acquired	6,144.3	2,109.9	1,054.8
Loan Collateral Settlements	260.3	156.1	-63.0
Processing, Packaging, etc.	98.4	90.5	32.3
Storage and Handling	(1,375.8)	(985.9)	(586.4)
Transportation	(184.8)	(37.1)	(40.6)
Other Transfers (net)	-20.7	-32.7	-24.2
Commodity Cost of Sales	-3,901.2	-2,844.3	-1,154.8
Cost of Sales for PIK	-8.4	-1.7	+3.4
Cost of Sales for Certificates	-10,535.4	-14,309.0	-3,027.7
Cost of Sales for Export Enhancement	-174.4	-40.3	-30.7
Cost of Sales - Unapplied Receipts Offset	-533.8	533.8	--
Domestic Donations	-1,489.9	-1,437.3	-519.3
Export Donations	-365.8	-272.4	-288.9
Inventory, End of Year	11,734.9	5,588.1	3,771.3
Payments to Producers (gross) (excludes Wool).	5,862.2	4,244.2	6,010.9
Realized Loss	26,133.8	8,640.7	6,901.7
Investment in Agricultural Commodities	26,843.3	13,917.3	8,679.4

Exhibits 1 and 2 on the following pages depict the history of selected items on loan and inventory activities for fiscal years 1970 through 1989, and for fiscal years 1962 through 1989, respectively.

COMMODITY LOANS MADE DURING THE YEAR
AND OUTSTANDING LOANS AT END OF THE YEAR
FISCAL YEARS 1970-1989

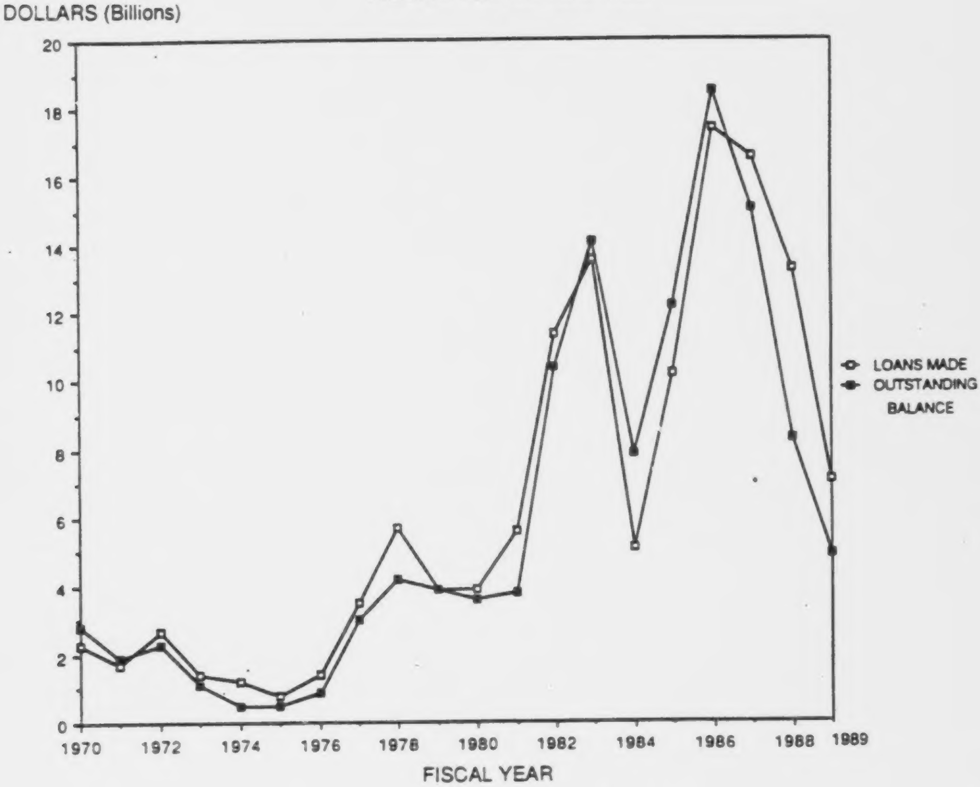


Exhibit 1

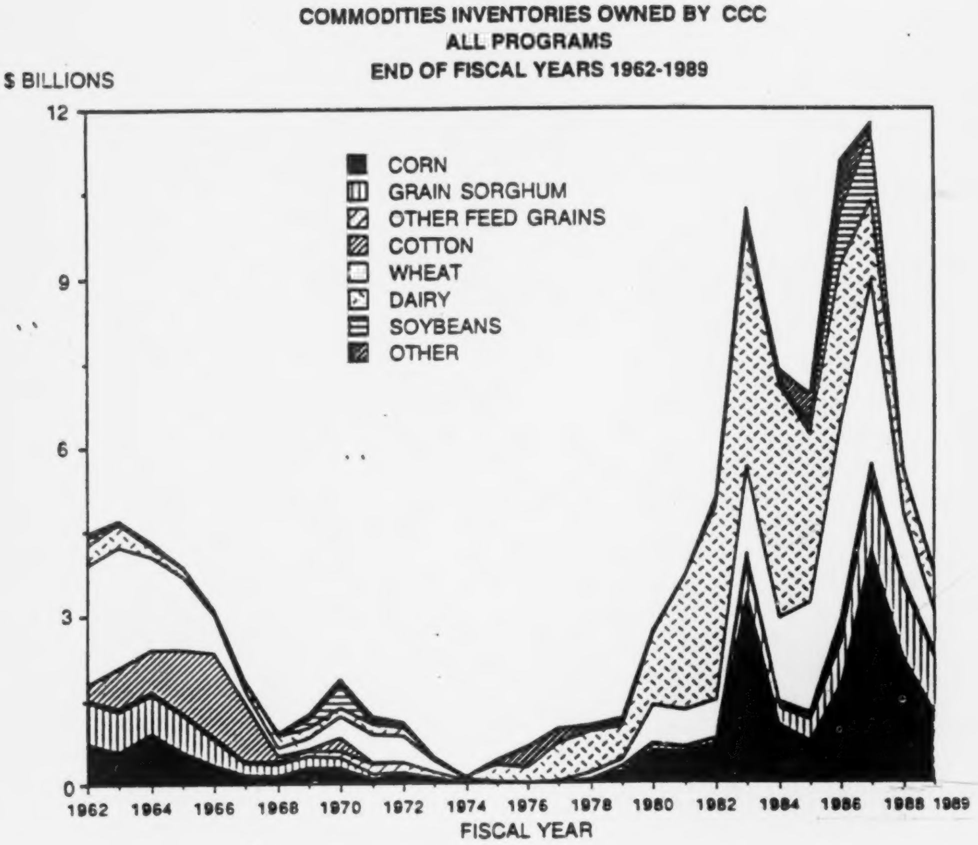

COMMODITIES INVENTORIES OWNED BY CCC
ALL PROGRAMS
END OF FISCAL YEARS 1962-1989
$ BILLIONS
12
9
6
3
0
CORN
GRAIN SORGHUM
OTHER FEED GRAINS
COTTON
WHEAT
DAIRY
SOYBEANS
OTHER
1962
1964
1966
1968
1970
1972
1974
1976
1978
1980
1982
1984
1986
1988
1989
FISCAL YEAR

Exhibit 2

COMMODITY EXPORT ACTIVITIES

The Corporation promotes the export of agricultural commodities and products through sales, payments, direct credit, credit guarantees, and the conduct of other activities related to the exportation of commodities. During fiscal year 1989, CCC export credit activities consisted only of credit guarantees under the Export Credit Guarantee Program and the Intermediate Export Guarantee Program. There was no credit activity under the short-term or intermediate export credit sales programs.

Direct Credit

CCC may provide financing of commercial export sales of eligible U.S. agricultural commodities through short-term and intermediate credit sales programs. These programs are not intended to displace cash sales, but are designed to maintain or expand overseas markets.

The short-term export credit sales program (GSM-5) provides financing, on terms not to exceed three years, for the commercial sales of agricultural commodities from private stocks. Sales are made by U.S. exporters and require an assurance of payment from a U.S. or foreign bank. Repayments are made in U.S. dollars with interest at rates determined by the Corporation. These commercial transactions are financed under the Corporation's charter authority and section 4(a) of the Food for Peace Act, as amended.

From the beginning of the short-term export credit sales program in 1956 through September 30, 1989, sales of agricultural commodities have amounted to approximately $9,649.2 million, with an additional $426.4 million in capitalized interest resulting from debt rescheduling. There was no program activity in fiscal years 1987 through 1989. Principal repayments from inception through September 30, 1989, were $9,210.5 million, including $961 thousand in fiscal year 1989. Amounts outstanding under this program were $865.2 million as of September 30, 1989, including rescheduled credits of $863.3 million.

Credit Guarantees

In 1980, CCC instituted the Export Credit Guarantee Program (GSM-102) under its charter authority. With this program, CCC guarantees, for a fee, payments due U.S. exporters under deferred payment sales contracts (up to 36 months) for defaults due to commercial as well as noncommercial risks. The risk to CCC extends from the date of export to the end of the deferred payment period covered in the export sales contract and covers only that portion of the payments agreed to in the assurance agreement. Operation of this program is based on criteria which will assure that it is used only where it is determined that it will develop new market opportunities and maintain and expand existing world markets for U.S. agricultural commodities. The program encourages U.S. financial institutions to provide financing to those areas where the institutions would be unwilling to provide financing in the absence of the CCC guarantees. Loan commitments incurred in fiscal year 1989 under the GSM-102 program were $2,764.1 million.

In 1986, the Intermediate Export Credit Guarantee Program (GSM-103) was implemented by CCC under its charter authority as required by the Food Security Act of 1985. The program is similar to the Export Credit Guarantee Program (GSM-102), but provides for CCC guarantees to exporters for commodities sold on credit terms in excess of 3 years but not more than 10 years. The program also provides for adjusting the maximum amount of interest which CCC guarantees to pay under the payment guarantee and permits freight costs to be covered for breeding animals financed under the GSM-102 and GSM-103 programs. Loan commitments incurred in fiscal year 1989 under the GSM-103 program were $453.6 million.

Export Enhancement Program

An export enhancement program was initiated in 1985 in which not less than $1 billion of CCC inventories was to be used through fiscal year 1988 for bonuses to U.S. exporters for sales of U.S. agricultural products. For fiscal year 1989, Congress allocated $770 million for the program. All sales are required to increase U.S. agricultural exports above what would have occurred in the absence of the program. Sales must also be targeted to specific markets to challenge competitors who subsidize their exports. Bonus payments to exporters may be made in kind or through generic certificates that may be redeemed for CCC-owned commodities. In fiscal year 1989, 8.2 million bushels in CCC-owned wheat valued at $31.4 million were used for bonus payments. Fiscal year 1989 bonus payments made in CCC generic certificates totaled $393.5 million.

Targeted Export Assistance Program

One of the new programs authorized by the Food Security Act of 1985, the Targeted Export Assistance Program, mandates the use of CCC funds or an equivalent value of CCC commodities to counter or offset the adverse effect on the export of U.S. agricultural commodities resulting from a subsidy, import quotas, or other unfair trading practices of a foreign country or countries. The required level of funding is $200 million for fiscal year 1989. Payments in fiscal year 1989 were made in CCC generic certificates valued at $122.3 million against agreements totaling $200 million.

STORAGE ACTIVITIES

The objectives of the Corporation in carrying out its storage program are: (1) to help producers finance needed storage facilities on their own farms; and (2) to make efficient use of commercial facilities in the storage of CCC-owned commodities.

Commercial Storage

The Corporation has a Uniform Grain Storage Agreement and a Uniform Rice Storage Agreement through which it makes storage payments to commercial warehousemen storing grain and rice for CCC in country and terminal elevators. The Corporation has contracts with about 6,475 commercial warehousemen in 43 States for the storage of Government-owned and loan grain and rice. The agreements provide for a storage rate covering about 7,400 grain and rice warehouse facilities operating under the agreements. The grain and rice facilities have a total capacity of about 9.4 billion bushels.

The Commodity Credit Corporation uses the offer and acceptance rate system to determine storage and handling rates. Under the offer and acceptance rate system, warehousemen offer rates at which they will store and handle CCC-owned or loan grain and CCC can either reject or accept those rates. However, producers may be charged a lower rate for grain used as collateral for a CCC loan. The rates remain in effect unless superseded at a subsequent annual renewal date of the agreement. Also, the rates may be lowered by warehousemen during the contract year. This same system is used for cotton warehousemen under contract with CCC.

The Corporation also has storage contracts with commercial warehouses for other commodities, principally dairy products. Rates are negotiated with individual warehousemen. Total storage and handling charges in fiscal year 1989 were $586.4 million. Related transportation costs were $40.6 million.

In accordance with the Omnibus Budget Reconciliation Act of 1981, user fees are charged for warehouse examination services of all warehouses (except cotton) licensed under the United States Warehouse Act (USWA). With the exception of grain warehousemen located in cooperative agreement states, grain and rice warehouses not licensed under the United States Warehouse Act reimburse CCC 50 percent of the established fee through CCC's assessment of contract fees. In cooperative agreement states, warehousemen not licensed under the USWA are exempt from paying user or contract fees to CCC. Net costs to CCC for warehouse inspections were $4.6 million in fiscal year 1989.

Farm Facility Loans

Under the farm facility loan program, farmers can borrow money from CCC to build and remodel on-farm grain storage facilities. The program has made it possible for more farmers to hold their crops on their own farms. A total of 4.7 billion bushels of storage capacity has been added to on-farm storage since 1949, with 50 percent of this added from 1977 to 1983. $189 thousand in loans were made in fiscal year 1989, which reflects adjustments of prior year loan activity.

SUPPLY AND FOREIGN PURCHASE ACTIVITIES

The Corporation is authorized to procure agricultural commodities in the U.S. and abroad for U.S. and foreign governmental agencies and entities, pursuant to sections 5(b) and (K) of its charter act, and section 4 of the act of July 16, 1943 (15 U.S.C. 713a-9).

ACQUISITION ACTIVITIES

The Corporation acquires stocks of various farm products as a result of its support activities. Such acquisitions result from purchases from producers and processors as noted earlier, and collateral acquisitions arising from loan operations. The inventory is substantial. Its acquisition-cost value on September 30, 1989, was $3,771.3 million.

DISPOSAL

Authorities

The following authorities provide the basis for disposition of inventories:

1. Section 407 of the Agricultural Act of 1949, as amended (7 U.S.C. 1427).
2. Agricultural Trade Development and Assistance Act of 1954, Public Law 480, as amended (7 U.S.C. 1701-1715, 1721-1726, 1727-1727f, 1731-1736g).
3. Barter Program, Sec. 310, Title III, P.L. 480, as amended (7 U.S.C. 1727g); Sec. 206 of the Agricultural Act of 1956, as amended (7 U.S.C. 1856(a); and Sec. 4(h) of the CCC Charter Act (15 U.S.C. 714b(h)).
4. Grain for Migratory Waterfowl (7 U.S.C. 442-445) and Resident Game Birds (7 U.S.C. 447-449).
5. Disaster Livestock Feed Program (P.L. 86-299 and 88-585) (7 U.S.C. 1427, 1427 note).
6. Donations - Sec. 202 and 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446a, 1431); Sec. 210 of the Agricultural Act of 1956 (7 U.S.C. 1859); Sec. 505 of the Agricultural Act of 1958 (7 U.S.C. 1431a); Sec. 202-204 of the Temporary Emergency Food Assistance Act of 1983, as amended (P.L. 98-8--7 U.S.C. 612c note); and Sec. 202, et seq. of the Federal Supplemental Compensation Act of 1982, (P.L. 98-92--7 U.S.C. 612c note).
7. Sec. 508 of the Rural Development Act of 1972, as amended (7 U.S.C. 2669).
8. Sec. 813 of the Agricultural Act of 1970, as amended (7 U.S.C. 1427a).
9. Exports - Section 5, CCC Charter Act, as amended (15 U.S.C. 714-714p).
10. Section 32 of P.L. 74-320, as amended (7 U.S.C. 612c, 1424).
11. Sec. 203 of the Agricultural Act of 1956 (7 U.S.C. 1853).
12. Sec. 402 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1922).
13. Sec. 110 of the Agricultural Act of 1949, as amended (7 U.S.C. 1445e).
14. Sec. 4 of the Food for Peace Act of 1966, as amended by Sec. 101 of the Agricultural Trade Act of 1978 (7 U.S.C 1707a).
15. Sec. 302 of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1).
16. Emergency Livestock Feed Assistance Programs - Title VI was added by the Disaster Assistance Act of 1988 (P.L. 100-387) to the Agricultural Act of 1949.
17. Emergency Livestock Assistance - Title II of the Disaster Assistance Act of 1989 (P.L. 101-82) amended Section 606(b) of the Agricultural Act of 1949.
18. Surplus Agricultural Commodities Disposal - Sec. 423 of the Agricultural Act of 1949, as amended (7 U.S.C. 1433b).

Summary of Dispositions

The Corporation has been able to move substantial quantities of farm commodities into useful channels, both at home and abroad. The value (at acquisition cost) of commodities removed from CCC inventories in fiscal year 1989 was $5,018.0 million, of which $3,024.3 million was for certificate redemptions and $30.7 million was for the export enhancement program. Sales proceeds totaled $3,549.9 million, of which $2,537.0 million was for certificates issued and $30.7 million was for the export enhancement program.

The following table shows the value of commodities disposed of during fiscal year 1989:

Type of Disposition	Fiscal Year 1989 Cost Value	Fiscal Year 1989 Proceeds
	(thousands of dollars)	
Sales for Dollars:		
Domestic	$3,313,362 a/	$2,767,611 a/
Export	184,070	121,599
Public Law 480 (export):		
Title II	653,707	608,036 b/
Donations:		
Domestic	519,326	---
Export	288,942	---
Transfers to other Government Agencies:		
Domestic	45,978	45,278
Export	9,543	2,886
Inventory Adjustments and Other Recoveries:		
Domestic	3,104	4,534
Subtotal:		
Domestic dispositions	3,881,770	2,817,423
Export dispositions	1,136,262	732,521
TOTAL DISPOSITIONS	5,018,032	3,549,944

a/ Includes certificate dispositions.

b/ Proceeds represent the value of commodities charged to Title II and recorded as sales.

Explanation of Dispositions:

Domestic Commercial Sales

For unrestricted use - Commodities acquired under support can be sold for unrestricted use domestically only at prices which are not below minimums prescribed by law. There are no similar minimums on sales of nonstorables.

For restricted uses - Commodities may be sold for restricted uses or outlets at less than the minimums prescribed by law. These uses would include new or by-product uses, peanuts, and oilseeds sold for extraction of oil, commodities which have substantially deteriorated in quality, or which are in danger of loss, waste, etc.

Export Commercial Sales

For many years, the Corporation has had authority to sell commodities for export without complying with minimum prices applicable to domestic sales.

FINANCING

Borrowing Authority

CCC operations are financed by borrowings from the U.S. Treasury. Effective September 10, 1982, the Corporation had authority to borrow up to $25 billion. P.L. 95-279, approved May 15, 1978, first increased the statutory borrowing authority to $25 million, to the extent provided in appropriation acts. Then, with the fiscal year 1982 supplemental appropriation act, P.L. 97-257, the availability was permanently increased to $25 billion. The fiscal year 1988 appropriation act, P.L. 100-202, increased the statutory borrowing authority to $30 billion. The Corporation reserves a sufficient amount of the borrowing authority to purchase at any time all loans and other obligations held by financial institutions, if any, under the Corporation's programs. As of September 30, 1989, the Corporation had in use $13,706.0 billion of the $30.0 billion authorized. This left a statutory borrowing authority available of $16,294.0 million as of September 30, 1989. During fiscal year 1989, the Corporation's borrowing from the Treasury totaled $22,897.9 million and during the same year $20,950.4 million was repaid to the Treasury from appropriations received and receipts from operations.

The Department of Agriculture and Related Agencies Appropriation Act, 1966, made provision for terminating interest after June 30, 1964, on the portion of the Corporation's borrowing from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after September 30 of the fiscal year in which such losses are realized.

Reimbursement for Net Realized Losses

During fiscal year 1989, the Corporation received $8,828.3 million which reimbursed the Corporation for the balance of 1987 losses of $1,754.4 million and $7,073.9 million of 1988 losses. As of September 30, 1989, unrestored realized losses were as follows:

Fiscal Year	(Millions)
1988 Losses	$1,566.8
1989 Losses	6,901.7
	8,468.5

These losses are financed by the Corporation's borrowing authority until reimbursed by appropriation.

The fiscal year 1990 appropriation act included $4,233.0 million which reimbursed the Corporation for the balance of 1988 losses of $1,566.8 million and $2,666.2 million of 1989 losses.

EXPENSES

Expenses for acquisition, operation, maintenance, improvement, or disposition of property which the Corporation owns or in which it has an interest have been treated as program expenses. Such expenses include inspection, classing, and grading work performed on a fee basis by Federal employees or Federal or State-licensed inspectors, and work performed on a contract or fee basis by Agricultural Stabilization and Conservation County Committees. Capital funds of the Corporation are transferred to the appropriations "Salaries and Expenses, Agricultural Stabilization and Conservation Service," as indicated under that appropriation item for operating expenses relating to the Corporation's programs. Also, expenses of other Federal and private agencies whose services are used in the handling of Corporation property are treated as program expenses.

ASCS has implemented a national network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditional manually prepared forms and documents. Most farm and producer data are currently maintained on the county office computers and are automatically accessed, used, and updated while servicing the producers.

Equipment has been purchased, user requirements are continuing to be refined, and efforts are continuing to link ASCS/FAS into a shared data base by drawing information from ASCS/FAS data bases containing information on domestic production of and foreign demand for agricultural commodities. Basic agency data is being summarized for use by managers in a Washington "Executive Information System". Equipment purchases for these systems represent a capital investment under the statutory authority of the Commodity Credit Corporation Charter Act.

National Wool Act

Appropriation Act, 1990	$93,485,000
Budget Estimate, 1991	121,316,000
Increase in Appropriation	+27,831,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated (1988 Calendar Year)	Increase	1991 Estimated (1989 Calendar Year)
Total duties collected in the applicable calendar year	$435,621,668	+$5,000,332	$440,622,000
70 percent of duties collected, representing maximum available for reimbursement to CCC	304,935,168	+3,500,232	308,435,400
Appropriation or estimate to reimburse CCC	93,485,000	(1) +27,831,000	121,316,000

The 1990 appropriation covers reimbursement for fiscal year 1989 expenditures (not otherwise recovered) relating to marketings in the 1988 calendar year. The 1991 appropriation estimate covers fiscal year 1990 estimated expenditures relating to marketings in the 1989 calendar year.

PROJECT STATEMENT
(On basis of appropriation)

Item	1989 Actual	1990 Estimated	Increase	1991 Estimated
Reimbursement to Commodity Credit Corporation for expenditures under the National Wool Act, available or estimate	1/ $4,527,000	$93,485,000	+$27,831,000	$121,316,000

1/ The fiscal year 1988 appropriation act, P. L. 100-202, provided that $126,108,000 of the CCC Operating Expenses appropriation be used for expenditures of the wool program. These advance wool funds were applied to fiscal year 1988 expenditures, which reduced the amount required to be appropriated under section 705 in fiscal year 1989.

EXPLANATION OF PROGRAM

The wool and mohair payment program administered by the Agricultural Stabilization and Conservation Service is required by the National Wool Act of 1954, as amended. The Act, which has been extended several times, was extended by the Food Security Act of 1985 to cover marketings through December 31, 1990.

Payments are made on marketings during each calendar year on shorn wool, unshorn lambs (to compensate producers for the wool on lambs) and mohair. The payments are made beginning in April for marketings during the previous year at a rate approximating the difference between the support price and the national average price received by producers.

To encourage producers to do a good job of marketing their wool and to receive the best possible price in the market, a percentage of the actual price received by the producer is used as the payment rate rather than making a uniform flat payment per pound of wool. The higher the market price the producer obtains, the greater the incentive payment he will receive.

Payments, initially financed by CCC, are made to eligible producers through the Agricultural Stabilization and Conservation Service county offices. Total payments under the Act are limited to 70 percent of the accumulated gross receipts from import duties collected on and after January 1, 1953, on wool and wool manufactures.

The following table shows amounts collected and available for payment (in thousands of dollars).

Item	Fiscal Year 1989 (1988 Marketing Year) Actual	Fiscal Year 1990 (1989 Marketing Year) Estimate	Fiscal Year 1991 (1990 Marketing Year) Estimate
Available for payments, 70 percent of duties collected:			
Cumulative from January 1, 1953......	$4,367,696	$4,676,131	$4,988,066
Cumulative payments to producers.....	1,888,428	2,004,228	2,119,428
Balance available, end of year........	2,479,268	2,671,903	2,868,638

The Act provides that the Corporation will be reimbursed for payments to producers and operating costs from the permanent appropriation. The amounts appropriated for any fiscal year shall not exceed 70 percent of the duties collected during the period January 1 to December 31 preceding the beginning of each such fiscal year.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $27,831,000 in the appropriation to reimburse the Commodity Credit Corporation.

Item of Change	1990 Estimate (Fiscal Year 1989 Expenditure)	Increase or Decrease	1991 Estimate (Fiscal Year 1990 Expenditure)
Payments to producers:			
Shorn wool............	$32,306,000	+$21,894,000 (a)	$54,200,000
Unshorn lambs..........	7,091,000	+4,609,000 (b)	11,700,000
Mohair.................	48,421,000	+1,479,000 (c)	49,900,000
Total payments......	87,818,000	+27,982,000	115,800,000
Operating expenses......	1,799,000	+126,000 (d)	1,925,000
Interest expenses.......	3,868,000	-277,000 (e)	3,591,000
Total...............	93,485,000	+27,831,000	121,316,000

Need for Change. Commodity Credit Corporation funds are used to operate the wool incentive and mohair support program. The Corporation is reimbursed for the program costs by a permanent appropriation which is limited to 70 percent of all duties collected on wool and wool manufactures during the preceding calendar year. Estimated program costs for fiscal year 1990 are $121,316,000. Program costs are estimated to increase from fiscal year 1989 primarily due to increased payments because of significantly lower market prices received by wool producers.

Nature of Change.

(a) An increase of $21,894,000 shorn wool payments ($32,306,000 in 1990). This results from a projected decline in the season average price for shorn wool from $1.38 to $1.15 per pound increasing the payment rate from 40 to 62 cents per pound which is applied to higher marketings of shorn wool.

(b) An increase of $4,609,000 in payments on unshorn lambs ($7,091,000 in 1990). This increase is due to an increase in the payment rate for wool as explained above, increasing the payment rate for unshorn lambs from $1.60 to $2.48 per hundredweight.

(c) An increase of $1,479,000 in payments on mohair ($48,421,000 in 1990). This increase is primarily due to a decrease in the season average price from $1.89 to $1.70 resulting in an increase in the payment rate from $2.80 to $2.89 per pound.

(d) An increase of $126,000 in operating expenses ($1,799,000 in 1990). This increase in administrative costs is based on a slightly higher estimated volume of workload, adjusted for pay costs.

(e) A decrease of $277,000 in interest expenses ($3,868,000 in 1990). This decrease is due primarily to a decrease in the interest rate charged the Corporation for Treasury borrowings, partly offset by increased program costs due to higher payments.

EXPENDITURES AND REIMBURSEMENTS TO CCC UNDER THE NATIONAL WOOL ACT

Costs

Expenditures under this program include payments to producers, plus operating and interest costs. The following table shows the basis of the estimates for fiscal years 1989, 1990, and 1991.

Item	Fiscal Year 1989 (1988 Marketing Year) Actual	Fiscal Year 1990 (1989 Marketing Year) Estimated	Fiscal Year 1991 (1990 Marketing Year) Estimated
Volume of Marketings:			
Pounds of shorn wool.....	84,800,000	87,400,000	86,600,000
Hundredweight, unshorn lambs.	4,700,000	4,700,000	4,700,000
Pounds of mohair..........	17,322,000	16,900,000	14,600,000
Incentive or Support Level:			
Price per lb of wool (cents)..................	178.0	177.0	182.0
Price per lb of mohair (cents)..................	469.0	458.8	453.1
Percent of parity - wool.	66.7	61.2	60.1
Percent of parity - mohair..................	56.7	52.0	51.1
Payments under Act - Rates:			
Shorn wool, per lb (cents)..................	40.0	62.0	72.0
Unshorn lambs, cwt (cents)..................	160.0	248.0	288.0
Mohair, per lb (cents)...	280.4	288.8	263.1
Amount of Payments:			
Shorn wool...............	$32,306,000	$54,200,000	$62,400,000
Unshorn lambs............	7,091,000	11,700,000	13,500,000
Mohair...................	48,421,000	49,900,000	39,300,000
Total payments...........	87,818,000	115,800,000	115,200,000
Operating Expenses...........	1,799,000	1,925,000	1,925,000
Interest Expense.............	3,868,000	3,591,000	3,104,000
Current year expenditures..	93,485,000	121,316,000	120,229,000
Unrecovered balance, prior years.......................	4,527,000	93,485,000	121,316,000
Total cumulative unrecovered balance....	98,012,000	214,801,000	241,545,000
Reimbursement to CCC (70 percent of preceding calendar year duty collections) a/............	-4,527,000	-93,485,000	-121,316,000
Unrecovered balance, end of year................	93,485,000	121,316,000	120,229,000

a/ Reimbursement limited to actual expenditures of preceding fiscal year and prior fiscal year amounts not previously reimbursed.

NATIONAL WOOL ACT

STATUS OF PROGRAM

Under the National Wool Act of 1954, as amended, support of prices of wool and mohair is mandatory. The Corporation makes payments to producers in order to bring the national average price received by all producers up to the support price required under the Act.

Funds of the Corporation are used to carry out this program. Section 705 of the Act provides that the Corporation be reimbursed for any expenditures made in connection with payments to producers, but the amount of reimbursement in any fiscal year cannot exceed 70 percent of the gross receipts from all import duties collected on wool and wool manufacturers from January 1 through December 31 preceding the beginning of each fiscal year.

Costs

Costs incurred under the wool program include payments and operating and interest costs. The cost of the wool program in fiscal year 1989 was $93.5 million which included $39.4 million in payments on 1988 wool marketings, $48.4 million in payments on 1988 mohair marketings, and $5.7 million in operating and interest costs.

The following table shows the historical cost data for the wool program:

COST OF WOOL PROGRAMS FINANCED BY
COMMODITY CREDIT CORPORATION

Year	National Wool Act Payment Program (Fiscal Year)	Gross Receipts from Duties Collected on Wool and Wool Manufactures (Calendar Year)	70 percent of Duties Collected on Wool and Wool Manufactures Available for Payments (Calendar Year)
1953	---	$75,768,963	$53,038,274
1954	---	56,635,765	39,645,036
1955	$187,684	69,930,183	48,951,128
1956	2,020,975	74,694,145	52,285,902
1957	61,292,352	67,233,972	47,063,780
1958	57,182,448	71,500,447	50,050,313
1959	20,025,827	95,985,584	67,189,909
1960	92,653,681	107,539,419	75,277,593
1961	60,886,811	98,806,944	69,164,861
1962	65,347,054	128,827,847	90,179,493
1963	63,164,602	132,071,019	92,449,713
1964	73,203,933	113,323,654	79,326,558
1965	22,577,216	173,538,080	121,476,656
1966	38,260,163	158,357,675	110,850,372
1967	34,792,675	138,500,000	96,950,000
1968	72,451,002	168,000,000	117,600,000
1969	67,892,514	152,866,000	107,006,200
1970	56,272,766	133,489,000	93,442,300
1971	75,430,447	95,281,000	66,696,700
1972	116,545,406	84,005,000	58,803,500
1973	74,000,154	92,025,000	64,417,500
1974	7,735,468	83,738,000	58,616,600
1975	18,888,000	82,993,000	58,095,100
1976	47,275,000 1/	131,240,000	91,868,000
1977	10,428,000	178,155,000	124,708,500
1978	33,038,000	205,181,000	143,626,700
1979	39,421,000	195,155,500	136,608,850
1980	34,520,000	222,832,313	155,982,619
1981	42,078,000	247,895,236	173,526,665
1982	53,855,000	240,636,200	168,445,340
1983	93,575,000	269,704,917	188,793,442
1984	131,959,000	402,269,431	281,588,602
1985	109,365,000	411,386,171	287,970,320
1986	122,689,000	427,121,077	298,984,754
1987	152,130,000	417,255,211	292,078,648
1988	4,527,000 2/	435,621,668	304,935,168
1989	93,485,000	440,622,000 3/	308,435,400 3/
TOTAL	2,049,156,176	6,680,186,421	4,676,130,496

1/ Includes costs of $1,815,000 for the transition quarter.

2/ Fiscal year 1988 outlays of $130,635,000 include the advance appropriation of $126,108,000 as a credit, which was recorded as a wool program receipt by Treasury.

3/ Estimates.

Note: Excludes $116 million in CCC losses on commodity loan and inventory operations prior to National Wool Act.

Promotion Activities

The Food Security Act of 1985 extends the provision that advertising and sales promotion programs may be conducted for wool and mohair. Programs of advertising and sales promotion for wool, lamb, and mohair are carried out by approved organizations established by growers for this purpose. Activities are designed to improve demand for products in the free market. Advertising and sales promotion programs may be conducted outside of the United States for the purpose of maintaining and expanding foreign markets and uses for wool, mohair, sheep, or goats or the products thereof produced in the United States.

A "self-help" program for advertising, promotion, and related market development activities is authorized, if approved by producers, by Section 708 of the National Wool Act of 1954. These promotion activities are financed from CCC producer payments and do not increase CCC outlays. In a referendum held August 18 through August 29, 1986, wool producers approved an agreement to continue deductions from Commodity Credit Corporation wool incentive payments to finance the promotion of wool. The agreement authorizes continued deductions from payments made under the National Wool Act on wool and unshorn lambs marketed during 1986 through 1990. The agreement authorizes deductions of up to 6 cents per pound on shorn wool and 30 cents per hundredweight on unshorn lambs. When wool and lamb payments are computed, these deductions are withheld and forwarded to the American Sheep Producers Council to finance advertising and sales promotion programs.

Mohair producers voted in a referendum held July 14 through 25, 1986, and approved an agreement authorizing deductions from Commodity Credit Corporation mohair incentive payments to finance the promotion of mohair. The agreement authorizes deductions from payments made under the National Wool Act on mohair marketed during 1986 through 1990. The agreement authorizes deductions of up to 4-1/2 cents per pound on mohair which are withheld from mohair payments and forwarded to the Mohair Council of America.

WEDNESDAY, FEBRUARY 28, 1990.

SOIL CONSERVATION SERVICE

WITNESSES

PATRICIA KEARNEY, ACTING ASSISTANT SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

WILSON SCALING, CHIEF, SOIL CONSERVATION SERVICE

MANLY S. WILDER, ASSOCIATE CHIEF

ROY M. GRAY, ASSISTANT TO THE CHIEF, STRATEGIC PLANNING AND BUDGET ANALYSIS

GALEN S. BRIDGE, DEPUTY CHIEF FOR PROGRAMS

JOHN W. PETERSON, DEPUTY CHIEF FOR ADMINISTRATION

EDGAR H. NELSON, ASSOCIATE DEPUTY CHIEF FOR TECHNOLOGY

JUDITH C. PALENSKY, DIRECTOR, BUDGET PLANNING AND ANALYSIS

ROBERT E. SHERMAN, BUDGET OFFICE, DEPARTMENT OF AGRICULTURE

Mr. WHITTEN. The committee will come to order.

We have before us today the Soil Conservation Service. We're glad to have you with us. Mr. Scaling has been with us before.

Ms. Kearney is new, so we'll be glad to have your biographical sketch included in the record.

[CLERK'S NOTE.—Ms. Kearney's biographical sketch appears on page 729.]

INTRODUCTORY REMARKS

Mr. WHITTEN. We're very proud of what this agency has done back through the years. I noticed that with all the fine conversation we've had and speeches made about conservation efforts that the amount of money available for conservation is reduced from last year. That is disturbing to us on the committee.

Under the rules, the Chairman of the Committee, on behalf of the committee, is to submit to the Budget Committee an overview of what the fiscal situation is and what we think about it.

We've been in the process of preparing that report. It's quite disturbing to us to see all the promises that have been made to various countries that we'll look after them. This done apparently at the expense of our own country, because the budget before us has cut substantially 80 different domestic programs. These are programs that over the years have been kept by Congress despite pressures from the Administrations to reduce and reduce and reduce.

We realize this is not your fault. As I pointed out before the Subcommittee on Energy and Water this morning, of which I'm a member, history shows that man, through the generations, has converted the environment to his own use.

In the process, we have been guilty of negligence, and there's a real reason to give some attention to protecting the environment.

In particular, that's true with regard to water. Water is the one necessity that people have to have. Clean water is very nice, but in addition to that, we have to deal with water and its erosive characteristics.

We're in a turmoil, as you know, with regard to wetlands. Personally, I think it helps the farmer and the country if wetlands were excluded from misuse.

But the mere statement that farmlands are wetlands is not right, and I'm glad to see that distinction has been recognized by the Department and the Presidency.

That's not a popular statement, but we feel that we've been supportive of the environmental activities back through the years. We handled the EPA on this committee. We went along with the funds to improve the environment.

Mr. Mahon, the former chairman, asked this committee to handle EPA and, after we had a bunch of critical statements that were not founded on fact, we told Mr. Mahon we'd be as good to him as he was to us. We gave it back to him.

It is noteworthy to see that you recognize the need to not only protect the environment but to reestablish a wholesome environment. I'm glad to see you do that.

On the other hand, we think it's shortsighted to let the land wash away. I notice that 70 million acres of land lie idle.

I don't know what you're doing about planting on that, but growing up on the farm and growing up in rural areas, you learn that idle land only deteriorates. All this occurs at a time when the world is begging for food and clothing, we're paying our people not to produce.

But we're glad to have you here, and at this time I'll turn to Ms. Kearney for your presentation.

USDA CONSERVATION PRIORITIES

Ms. **KEARNEY**. Thank you, Mr. Chairman and members of the committee.

I am delighted to be here today to discuss the Department's 1991 budget submission for the Soil Conservation Service.

I want to assure you that conservation is a high priority for the Secretary and this Administration. We're committed to a very active Federal role in the protection of our soil, water and related resources.

This budget is evidence of our commitment. It is the strongest conservation budget proposed in recent years. I also would like to say that we appreciate the support this committee has provided to the Soil Conservation Service work over the past years.

Last year, the Administration proposed, and Congress endorsed, a major program to address agricultural related water quality problems.

The program is built on the premise that farmers, ranchers and other land users can be encouraged to adopt improved environmentally sound management practices that deal effectively with water quality problems and do so in ways that do not sacrifice the profitability of farmers.

As both a practical matter and a matter of policy, we continue to believe the preferable way to address agricultural water quality problems is through programs that encourage voluntary changes in farming practices.

The budget request for Soil Conservation Service activities directly related to the Water Quality Initiative is this year $44.1 million, which is a 66 percent increase from 1990.

Secretary Yeutter reminded us that the enactment of the new farm bill will also command our attention in the upcoming year, and he outlined some of the proposals the Administration has put forth.

Clearly, conservation and environmental programs will again be the focus of a lot of attention. Implementation of these programs has been and will continue to be a very high priority for the Department.

Enrollment in the Conservation Reserve Program has reached 34 million acres, yielding an annual soil erosion savings equivalent to about one-fifth of the total soil erosion on the Nation's cropland.

The conservation planning has been completed on 134 million acres, almost one-third of the cropland in the United States.

The Soil Conservation Service is now helping farmers and ranchers implement these plans in a practical, reasonable and cost effective manner.

The budget also reaffirms the Department's commitment to administering the Food Security Act's Swampbuster Provisions in a reasonable and technically consistent manner.

SCS is moving ahead to complete wetland determinations as soon as possible in response to producer concerns. Finally, traditional conservation programs will remain in place to reduce excessive soil erosion, improve water quality, conserve water supplies, reduce upstream flood damages, and improve range resources.

That, sir, concludes my prepared statement, and Mr. Scaling will give you a more detailed overview.

[CLERK'S NOTE.—Ms. Kearney's written testimony appears on pages 730 through 732.]

Mr. WHITTEN. Thank you very much.

Mr. Scaling, we'd be glad to hear from you.

SCS BUDGET OVERVIEW

Mr. SCALING. Thank you, Mr. Chairman.

As Ms. Kearney said, we do appreciate the opportunity to be here today to discuss this budget. We also believe this is a realistic and positive budget proposal that will help to ensure the continued protection of our Nation's soil and water resources.

It supports our highest priority activities for the continued implementation of the Food Security Act conservation requirements and for the protection of both surface and groundwater quality.

It recognizes the effectiveness of the Great Plains Conservation Program in addressing the recurring drought and wind erosion problems in this important region of our country, and provides funds to place more of this land under long term conservation contracts.

The Secretary's 1990 Farm Bill proposal calls for reauthorization of the Great Plains Conservation Program through the year 2001. It provides support for other priority soil and water resource needs under ongoing conservation programs.

I'm extremely proud of the job this agency has done in assisting the Nation's farmers and ranchers develop conservation plans on highly erodible lands, as required by the Food Security Act of 1985.

I can also sit here today in Washington and tell you that every producer who needs a plan knows it, and every producer that wants a plan has one.

Over the last three years, plans have been developed on about a million and a half farms, covering about 134 million acres of highly erodible land.

This achievement, which is no small task, is the result of the combined efforts of farmers and ranchers, conservation districts, volunteers, and also of our own employees.

Now, as we move into the next phase, our focus is shifting to the second and larger part of this work, and that is to assist farmers apply the practices called for in the plans.

It's going to take a tremendous effort on the part of this agency to provide this assistance. Obviously, a job of this magnitude will require careful management and continuous reassessment and adjustment as work progresses to ensure that the December 1994 deadline in the 1985 Farm Bill can be met.

The 1991 budget request will give us a good solid first step toward meeting this requirement. In the area of water quality, I would like to reiterate the guiding factors for the Department's initiatives.

They're based on a voluntary, non-regulatory approach to conservation; commitment to the protection of water resources without jeopardizing the economic vitality of the United States' agricultural producers; full cooperation between Government agencies at the Federal, State and local levels, and with the private sector; and last, and probably most important, respect for private property rights and responsibilities.

I know that you agree that farmers and ranchers are the most concerned citizens this Nation has when it comes to water quality and quantity and are ready to respond to the need for prudent management of agriculture resources.

With the funds approved by Congress last year, work is underway to expand SCS technical assistance to help producers incorporate practical and cost effective management practices into their farming or ranching operations and to prevent surface and groundwater contamination.

Our 1991 budget requests an increase of $17.6 million, or about two-thirds more than the 1990 level, in order to sustain and extend our efforts in this regard.

Mr. Chairman, I appreciate being here, and either I or my people will be more than happy to respond to any questions.

[Clerk's note.—Mr. Scalings written testimony appears on pages 733 through 740. The soil conservation service explanatory notes appear on pages 741 through 837.]

Mr. **Whitten**. Thank you very much. We are very proud on this committee for what we've been able to do for conservation back through the years.

I would point out that at this time we are in the process of writing appropriations to meet some of the disasters resulting from the recent the extreme rainfall that we've had in much of the Southeastern region.

In fact, it looks like almost every few months some section of the United States is hit with floods and damages. We're very proud of the fact that this committee is able to be responsive to disaster needs. The recent earthquake in California is an example. We introduced a bill quickly which crossed several jurisdictional lines. It received the support of the Congress, and in eight days we had passed legislation that was signed by the President to meet that need.

We see where you request a reduction of about $33 million out of project oriented accounts and put it into surveys and forecasting and other things. You recommend doing away with actual work in the field, and it raises a question.

SCS BUDGET REQUEST TO OMB

What was your request of the Office of Management and Budget for these various items?

Mr. **Scaling**. I'm going to let Galen Bridge answer that.

Galen?

Mr. **Whitten**. Give us the highlights, and then you can put the facts in the record.

Mr. **Bridge**. The total request to OMB for fiscal year 1991 was $738.6 million.

Mr. **Whitten**. For those items that you cut, what did you ask of the OMB? Give me the principal ones, and you can put the full story in the record.

Mr. **Bridge**. Okay. In terms of the actual request for water resources, $172 million was the Department's request to OMB.

Mr. **Whitten**. A big figure like that doesn't mean anything. Break it down and tell me what was asked for specific accounts.

Mr. **Bridge**. Okay. In terms of the conservation operations, the Department request was $519.3 million, and OMB provided $506.998 million.

If you look at the water resource activities, our request was $172 million, and the allowance from OMB was $151 million. If you look at things like RC&D, our request was $25.8 million, and their allowance was $24.8 million.

IMPORTANCE OF FUNDING ACTION PROGRAMS

Mr. **Whitten**. I noticed a comment in the paper where the Secretary talked about asking for money for the Agricultural Conservation Program for a change. Well, what the article didn't say was that the farmer has to come up with about three-fourths of the cost of the ACP from his own pocket.

The Committee, under the law is supposed to submit to the Budget Committee a report on the overall condition of the country and its fiscal needs. We've been wrestling with that for the last several days.

It seems, the administration has aked for many new items this year but they come at the expense of 80 existing programs of the Department of Agriculture.

In our record, I want to put in here what each Department is cut by the Office of Management and Budget. Nearly every day, we see where we promised some other foreign country that we'll take care of their needs, but we don't see in the same paper anything about where we're going to get the money.

[The information follows:]

PRESIDENT'S PROPOSED FISCAL YEAR 1991 BUDGET

Major Program Eliminations
(In millions of dollars)

	Proposed 1991 Budget Authority Reductions
DOE Energy Conservation Grants Program (including low-income weatherization)	-200
Fossil Energy	-214
Trade Adjustment Assistance for Firms	-11
EPA School Asbestos Abatement	-48
NOAA: Fishery and Weather Service Programs	-121
Economic Development Administration Grant Programs	-189
TVA Economic and Community Development and Agricultural Programs	-30
Mariel Cuban Grants, Juvenile Justice	-67
Amtrak	-605
Northeast Corridor	-24
Public Telecommunications Facilities Grants	-20
Emergency Conservation Program	-10
Rural Development Grants	-16
Rural Community Fire Protection	-3
Mutual Self-Help Housing	-9
Conservation Loans	-22
Telephone Loans	-239
FFB Guaranteed Electric and Telephone Loans	-933
Capitalization of Rural Telephone Bank	-29
REA Reimbursement for Interest and Other Losses	-244
Rural Economic Development Subaccount	-5
Research and Extension Program	-26
Local Rail Service Assistance	-7
Follow Through Program	-7
Star Schools Program	-15
Native Hawaiian Education	-6
Secondary Schools Basic Skills	-5
Special Recreation for Handicapped	-3
State Student Incentive Grants	-59
Innovative Projects for Community Service	-1
Cooperative Education Program	-13
Law School Clinical Program	-5
Veterans Outreach Program	-3
Public Libraries, including construction	-98
AIDS Related Drug Payments	-30
AIDS Home Health Grants	-20
Waiting Period Drug Grants	-64
HUD Rehabilitation Loans	-87

PRESIDENT'S PROPOSED FISCAL YEAR 1991 BUDGET

Major Program Reductions
(In millions of dollars)

	Proposed 1991 Budget Authority Reductions
Low Income Home Energy Assistance	-343
EPA Sewage Treatment Construction Grants	-392
Section 202 Housing for the Elderly or Handicapped	-185
Federal Highway Programs (obligations)	-1,064
Abandoned Mine Reclamation Fund	-33
Conservation Programs	-38
Rural Housing Direct Loans	-883
Rental Assistance	-42
Very Low-Income Housing Repair Grants	-3
Rural Preservation Grants	-4
Water and Sewer Loans	-80
Community Facility Loans	-24
Rural Water and Waste Disposal Grants	-109
Electrification Direct Loans	-422
Rural Telephone Bank	-52
Farm Ownership Loans	-394
Farm Insured Operating Loans	-400
Foreign Assistance Program (P.L. 480)	-81
Agriculture Extension (EFNEP)	-37
Agriculture Research	-40
Animal and Plant Health Programs	-5
FDA	-157
APHIS	-79
Nutrition Assistance for Puerto Rico	-112
Assisted Housing	-588
Community Development Block Grants	-160
Appalachian Regional Commission	-98
Corps of Engineers and Bureau of Reclamation Construction Program	-150
District of Columbia Drug Emergency	-5
Firefighting Costs	-409
Fossil Energy Research and Development	-214
National Park Service Construction	-114
Fish and Wildlife Service Construction	-25
Indian Health Service Facilities	-58
Bureau of Indian Affairs Construction	-34
Mass Transit Formula Grants	-548
Interstate Transfer--Highway/Transit Grants	-149
Washington, DC, Subway	-47
Community Services Block Grants	-363
Impact Aid Part B Children	-99
Perkins Student Loans	-157
Health Professions Training	-139
Dislocated Workers Training	-64
Customs Service Air Interdiction	-87
Customs Service Operations	-20
Justice Department Law Enforcement	-124
Small Business Administration Direct Loans	-82
Small Business Development Centers	-20
National Guard and Reserve Programs	-728

Mr. Whitten. But we do see from your budget where some of it's coming from. You're getting it by cutting these 80 programs that Congress has approved year after year. They're vital to the well being of the country in the opinion of the Congress.

So it looks to me like you have taken a step backward despite the fine record that you have. I see that you've cut back on these action programs, but programs where you study and meet and talk seem to have been increased.

That, I would guess, comes from your own decision. How does that picture work with you? Where do you differ with my description, Mr. Scaling, if you do?

Mr. Scaling. Mr. Whitten, it just takes a certain amount of talking and finagling around in order to get something to work out on the land, sir.

Mr. Whitten. But you've switched money from action over here and put it in there to increase the talking, according to what's in front of us. You cut $33 million from action programs.

Mr. Scaling. Galen, do you want to respond to that?

Mr. Bridge. Yes. Let me just——

Mr. Whitten. It may be that you were told to. We had some problems with one of our friends the other day, and we're going to straighten the record out.

We had some fun asking who cut out some language that we've had in the bill since 1973, and finally he came around and said OMB.

Mr. Bridge. Let me just respond to that.

Mr. Whitten. I'm waiting. You asked me to let you, and I said I'm waiting.

Mr. Bridge. Certainly, the major budget items that we have included in the 1991 budget are very hard hitting kinds of activities.

Mr. Whitten. Do you feel caught up with your job to the point you can cut out your action programs and put it in these other things?

Mr. Bridge. No, we haven't done that, but we think this budget does provide some very heavy inputs into the compliance plans that we have now developed. Wilson talked about the fact that we had plans on about a million and a half farms.

This budget would carry us the first step towards applying conservation practices to those farms. Certainly, the water quality initiatives that we have in the budget are things that will deliver direct assistance to producers.

Mr. Whitten. You understand I agree with this desirability of water quality. I mean, we ne~~ed to give~~ attention to it.

We'll never stop all our water problems. I agree with you about the need to work on them but I also agree that as floods seem to increase over the Nation, the job of trying to control erosion and all of those things gets bigger not smaller.

I realize you don't run the Office of Management and Budget, and neither do we, but it is our job to try to keep some kind of balance. The real value of research is to get answers, but the benefit is when you put them into effect.

So what's the outlook now about putting them into effect for the coming year, Mr. Scaling?

Mr. SCALING. Mr. Whitten, I think we're in much better shape to get started putting some of these into effect this next year.

INCREASE FOR THE GREAT PLAINS CONSERVATION PROGRAM

As you are aware, OMB did grant us about a $3.5 million increase in our Great Plains Conservation Program.

Mr. WHITTEN. A few years ago, they were going to abolish Great Plains.

Mr. SCALING. It's a very fine conservation program, sir.

Mr. WHITTEN. How's that?

Mr. SCALING. It's a very fine conservation program, sir.

Mr. WHITTEN. I said you're right. You agree that a short time ago they were trying to abolish it on the grounds it wasn't proper action.

Mr. SCALING. There was some misinterpretation or miscommunication at some point regarding the value of this program.

Mr. WHITTEN. They put it in plain English where you could see a minus. Where it's a definite cut, I can't see how they were mixed up. Were they mixed up or were you mixed up?

Mr. SCALING. We believe it's a very effective program in the fact that it puts the whole operation into a long range conservation plan.

Mr. WHITTEN. Why don't you recommend that for the whole country? Why should you just do that for certain areas and not do it elsewhere?

Mr. SCALING. Let's keep it working in the Great Plains first, and then possibly we could expand it East and West.

Mr. WHITTEN. Spread out from home?

Mr. SCALING. Sir?

Mr. WHITTEN. Did you say spread out from home?

Mr. SCALING. No, sir, I didn't say that, you did.

Mr. WHITTEN. Well, it's hard for me to understand, just like it is for you, how OMB cuts it out one year and puts it back the next. I want to say again that I'm proud of the overall job you have done. We do find that at OMB they don't have the same understanding we do about the real world.

All our money has behind it is a promise to pay. I've been paying retirement longer than anybody in the Congress. You know what it's invested in? More promises by the same Government.

You read in the paper about social security. It's nothing but some figures on a page. There's no real money behind it.

Behind it is the ability of the country to finance in the future years, and it's a serious problem. In preparing this report to the Budget Committee, I'm calling attention to the fact that it looks to me like we are rapidly reaching the point where we are going to have to have a jobs bill or something productive.

You see where the automobile companies are laying off people and closing plants. The outlook is that you're going to have 100,000 military people back in the civilian population this year and another 100,000 next year. Everytime you pick up the paper you see somebody cutting back. It looks to me like in the future, and I had a chance to tell the Department of Transportation this earlier today, it looks to me like we're headed toward the possibility of having to have a jobs bill, because we need to keep the country going.

Now, we have a perfect example of what Congress can do in this area. In the 1983 President Reagan asked the Congress to head off the recession, and after looking around in various places, the leadership finally gave that job to the Appropriations Committee.

I stayed here during the Easter recess that year. We started with unfunded requests made to the 13 subcommittees the previous years. It meant there was some basis for the decision. We didn't limit it to that but used that as a starting point. We ended up with a Jobs Bill and it worked.

So it looks like we may be heading that way again. I'm not trying to set it off, but it would pay us to be in position to do that again if necessary.

I realize this is beyond your control but I wanted to point it out for the record. Many of those productive activities are in your area.

RESOURCE SHIFTS FOR FOOD SECURITY ACT IMPLEMENTATION

Mr. **Whitten**. Last year you testified that 94 percent of the highly erodible land determinations had been finished and two-thirds of the conservation plans had been completed, but that on only about 20 percent of the highly erodible lands involved had the plans been applied. We would also point out that funding for conservation operations of the Soil Conservation Service has gone up over 52 percent since 1981. In light of the significant budgetary constraints the Committee is under, this is a significant increase. With the planning phase of the conservation activities complete, could you please detail for us how you will shift personnel and resources into the application phase of the Food Security Act work?

Mr. **Scaling**. We do not anticipate having to make any significant shifts of personnel and resources for the application phase of the Food Security Act work. The resources used in the planning phase will be largely used at the same locations to support the application effort.

ACTIVITIES UNDERTAKEN IN THE 1990 WATER QUALITY INITIATIVE

Mr. **Whitten**. Last year Congress provided additional funds to SCS to begin the Water Quality Initiative. Please detail for us the work you started in 1990.

[The information follows:]

Fiscal Year 1990 Water Quality Activities

In FY 1990 SCS involvement in water quality activities totals $26.5 million. These funds are currently being directed to the following water quality activities:

Technology Development and Data Base Development:

$4.9 million was devoted to technology and data base development. The focus of this effort is to increase our water quality expertise and to update water quality practices for the SCS Technical Guides reflecting existing and new research results as they relate to local resource conditions; to conduct water quality training for agency and other personnel; and to develop computer software applicable to field delivery of water quality assistance.

Regional Technical Assistance:

$6.7 million was devoted to Regional Programs and Projects. The Regional areas include: Chesapeake Bay, Tennessee Valley Land & Water 201, Great Lakes, Gulf Coast Initiative, and Puget Sound.

Regional Technical Assistance is directed toward our participation with state and local water quality agencies and other Federal agencies in developing overall action plans to meet nonpoint source water quality requirements in the area involved and to provide technical assistance to landusers in implementing their conservation plans.

Nonpoint Source Hydrologic Unit Assistance:

$5.2 million was directed to Nonpoint Source Hydrologic Unit Assitance. During the past two years SCS working through an USDA interagency coordinating committee developed a list of criteria for hydrologic unit selection and solicited proposals from all 50 States, Puerto Rico and the Pacific Basin. In October of 1989 the Department selected 37 hydrologic units for technical assistance. We are in the process of developing detailed plans of work for the individual units and SCS personnel are being assigned to each as warranted. Our water quality specialists have begun delivering water quality technical assistance to land owners and operators and will continue to upgrade and transfer water quality technology and information to cooperators as it is made available from our technology development and database efforts and from the eight demonstration projects.

Demonstration Projects: $1.1 million was directed to the eight demonstration projects in the states of California, Florida, Maryland, Minnesota, Nebraska, North Carolina, Texas, and Wisconsin. We are working with ES, ARS, ASCS, CSRS and ERS to develop a comprehensive implementation plan for each of these projects. SCS personnel are gathering and compiling the necessary data to establish a water quality baseline from which progress will be measured. SCS and the other USDA agencies are reviewing agricultural nutrient and pesticide production practices now being commonly implemented to develop an analytical approach for installing and measuring the physical and chemical effects of alternative nutrient and pesticide practices. We are reviewing methods for cost effective water quality monitoring and we are cooperating with ERS and ES in developing a methodology and assessment of needs for a comprehensive economic evaluation of each of the demonstration projects.

Ongoing Programs: SCS continues to direct $8.66 million to ongoing water quality programs and projects. We are committed to maintaining SCS presence at the EPA Regional Offices, to providing technical assistance to ASCS efforts in the Colorado River Salinity Control Program, to support RCWP projects, and to providing technical support to state and local water quality agencies in the EPA Section 319 process. We are continuing technical discussions with USGS in the areas of geographic information systems and map cartography and we are always exchanging ideas and research with the academic community and private research firms.

THIRTY-SEVEN WATER QUALITY HYDROLOGIC UNITS

Mr. WHITTEN. We know that as part of the Water Quality Initiative you have selected approximately 37 hydrologic units in which you will demonstrate water quality technical assistance activities. Please provide a list of where those sites are that have already been designated as high priority and a list of those that are potential for the program for fiscal year 1991.

Mr. SCALING. We will provide for the record a list of the 37 projects selected for funding. We cannot provide information on potential 1991 projects as they will be selected from proposals submitted in May 1990. We expect that two projects per state will be submitted through a state level coordinating committee that will have representation by the Agricultural Stabilization and Conservation Service, Extension Service, Soil Conservation Service, state water quality agencies and conservation districts.

[The information follows:]

THIRTY-SEVEN WATER QUALITY HYDROLOGIC UNITS

State	Hydrologic unit
Alabama	Sand Mountain-Lake Guntersville.
Arizona	Casa Grande-Coolidge.

THIRTY-SEVEN WATER QUALITY HYDROLOGIC UNITS—Continued

State	Hydrologic unit
Arkansas	Moore's Creek.
California	Westside San Joaquin Valley.
Connecticut	Housatonic River.
Delaware	Inland Bays.
Florida	Middle Suwannee River.
Illinois	Illinois River Sands.
Iowa	Union Grove and Black Hawk.
Indiana	Upper Tippacanoe.
Louisiana	Bayou Queue De Tortue.
Maine	Long-Cross Lakes.
Massachusetts	Buzzards Bay.
Michigan	Sycamore Creek.
Minnesota	St. Peter-Prairie Du Chien.
Mississippi	Tangipahoa River.
Montana	Godfrey Creek.
Nebraska	Elm Creek.
New Hampshire	Great Bay.
New Mexico	Clovis-Portales.
New York	East Sidney Lake.
North Carolina	Goshen Swamp.
North Dakota	Bowman-Haley.
Ohio	Indian Lake.
Oklahoma	Battle Branch.
Oregon	Ontario.
Puerto Rico	Lake Loiza.
Rhode island	Pawcatuck.
South Carolina	Camping Creek.
South Dakota	Richmond Lake.
Tennessee	North Fork Creek and Fall Creek.
Texas	Upper North Bosque.
Utah	Little Beaver River.
Vermont	Lower Missisquoi.
West Virginia	Greenbriar River.
Wisconsin	Plover-Whiting Wellhead Area.
Wyoming	Ocean Lake.

EIGHT WATER QUALITY DEMONSTRATION PROJECTS

Mr. WHITTEN. Also, as part of the Water Quality Initiative, we know that in conjunction with the Extension Service you have developed eight demonstration projects to show the proper use of agricultural chemicals as they affect surface and ground water. Please provide a table showing the location of these projects and funding allotted to each for fiscal years 1990 and 1991.

Mr. SCALING. The funding levels for 1991 will, in part, be dependent on the needs of eight new projects to be chosen from candidates submitted by the states later this year, therefore, no projections can be made at this time. We will provide for the record a list of the eight demonstration projects selected for funding in 1990.

[The information follows:]

1990 WATER QUALITY DEMONSTRATION PROJECTS

Demonstration project	State	1990 SCS funding
Sacramento Valley	California	$80,000
Lake Manatee watershed	Florida	80,000

1990 WATER QUALITY DEMONSTRATION PROJECTS—Continued

Demonstration project	State	1990 SCS funding
Monocacy River watershed	Maryland	80,000
Anoka Sand Plain	Minnesota	120,000
Mid-Nebraska water quality demonstration project	Nebraska	80,000
Herrings Marsh Run	North Carolina	80,000
Seco Creek	Texas	80,000
East River watershed	Wisconsin	80,000
Undistributed		420,000
Total		1,100,000

FUNDING FOR GRANTS, SUBSIDIES, AND CONTRIBUTIONS

Mr. Whitten. We note on the object class table provided in the explanatory notes that for fiscal year 1989 you spent approximately $46 million for Object Class 41, which is Grants, Subsidies and Other. This is approximately $16 million less than your projection in last year's explanatory notes. Can you please explain for us this significant change? We would also note that your estimate for fiscal year 1990 changed by more than double.

Mr. Scaling. SCS expenditures under object class 41, Grants, subsidies, and contributions, consist primarily of funds paid to local sponsors to install measures in approved watershed projects; to landowners and operators to cost-share for the installation of conservation practices specified in long-term contracts under the Great Plains Conservation Program; and to local sponsors for the installation of measures called for under Resource Conservation and Development plans. In FY 1989 there were about 800 individual watershed projects in progress; over 900 new Great Plains Conservation projects were signed; and about 350 Resource Conservation and Development measures were being installed with funds provided by SCS. These activities are carried out all over the country. Funds are obligated at the local level depending upon which projects are ready to go, when they are ready, and what the exact cost will be based on final project plans. It is not possible to precisely predict what these amounts will be a year ahead of time when the budget documents are prepared.

The 1989 estimate of last year as shown in the 1990 budget reflects funds allocated or made available for these activities at the beginning of the year. The figure shown in the 1989 actual column of the 1991 budget reflects the funds that were actually obligated by the end of the year. The difference, $16 million for 1989, is the result of unavoidable delays in obligating funds because project schedules are constantly changing. This is especially true for watershed projects which represent long-term commitments which can be delayed while local sponsors obtain final landrights and their share of project financing. These factors are not under our control. It should be noted that funds that are not obligated in one year, remain available into future years and are spent for the purposes for which they are provided as work is ready to go.

The 1990 estimate doubled because the final Appropriations Act substantially increased funding for SCS watersheds programs above the level of funding proposed in the 1990 budget.

LIMITATION ON PERSONNEL COMPENSATION

Mr. WHITTEN. For the past several years the Committee has placed a limitation on personnel compensation and benefits for the Soil Conservation Service. This year, as in last, you have proposed to eliminate that limitation. You state that your reason for eliminating this is that it "severely limits managerial flexibility." Please describe for us what you would do differently in fiscal year 1990 if that limitation were not there.

Mr. SCALING. In terms of overall SCS staffing levels and our program delivery at the local level, there would be no change in operations if this limitation were lifted. In recent years our employment ceilings have been fairly consistent with overall funding levels so we have not had a problem with managing our personnel resources within the limits of available funds.

We would be able to discontinue monitoring activities carried out at Headquarters to ensure compliance with the limitation and would eliminate planning specific management actions to take in the event that a problem should arise.

PLANT MATERIALS CENTERS RENOVATION PROGRAM

Mr. WHITTEN. Last year you started a five-year program to renovate and replace buildings and equipment at Plant Materials Centers. Please provide a table for the record showing the updated five-year renovation and replacement schedule.

Mr. SCALING. We will provide a five-year table showing this information for the record. The table will reflect current allocations to the centers for 1990 and tentative allocations planned for 1991 through 1994. The 1990 allocations are not final and some adjustments will be made before the year is over. We expect to update this plan annually to reflect emergency needs, make adjustments to respond to construction completion dates, etc. In general, the highest priority is being given to replacing buildings and equipment that pose a potential health threat, and renovation and replacement that will improve productivity at centers that are severely limited by inadequate facilities.

[The information follows:]

TENTATIVE RENOVATION AND REPLACEMENT SCHEDULE FOR THE CURRENT BACKLOG OF FULLY DEPRECIATED BUILDINGS AND EQUIPMENT AT PLANT MATERIALS CENTERS

[In thousands of dollars]

Plant materials center	State	Year				
		1990	1991	1992	1993	1994
Booneville	AR	$3	$67		$29	$25
Tucson	AZ	46	25	$76	142	65
Lockeford	CA	21	32	60	22	49
Meeker	CO	11	65	30	65	68
Brooksville	FL	77	21	105	65	25
Americus	GA	16	63	105	29	85
Hawaii	HI	23	23	63	20	51

TENTATIVE RENOVATION AND REPLACEMENT SCHEDULE FOR THE CURRENT BACKLOG OF FULLY DEPRECIATED BUILDINGS AND EQUIPMENT AT PLANT MATERIALS CENTERS—Continued

[In thousands of dollars]

Plant materials center	State	Year				
		1990	1991	1992	1993	1994
Idaho	ID	23	144	100	12	60
Manhatten	KS	66	95		85	90
Quicksand	KY	19	39		105	25
Golden Meadow	LA	129	143	98	40	50
Beltsville	MD	20	154	48	135	90
East Lansing	MI	150	13	45	20	28
Elsberry	MO	148	41	30	55	120
Coffeeville	MS	23	170	40	95	80
Bridger	MT	19	48	95	35	40
Bismarck	ND	30	48	20	110	70
Cape May	NJ	63	54	65	84	60
Los Lunas	NM	85	78	165	30	60
Big Flats	NY	127	81	145	115	100
Corvallis	OR	180	68	55	140	81
Knox City	TX	20	50	110	95	70
East Texas	TX	50	61	80	40	74
South Texas	TX	30	68	25	59	101
Pullman	WA	11	26	90	50	110
Overhead and central services		164	164	164	164	164
Total distributed		1,554	1,841	1,841	1,841	1,841
Undistributed as of Feb. 28, 1990 [1]		268				
Grand total [2]		1,822				

[1] The undistributed for 1990 reflects funds that have been provided to the plant materials centers as of this date, but will be distributed based on needs before the year is over.

[2] The reduced total reflects the Gramm-Rudman-Hollings sequester for 1990. The renovation program will continue at the $1.841 million level in 1991.

RELEASE OF PLANT MATERIALS

Mr. WHITTEN. We know that the Plant Materials Centers are operated generally to provide for commercial production of plants for erosion control, special conservation purposes, and those that are adaptable to unusual soil and site conditions. Could you please describe for us what plants were released during fiscal year 1989?

Mr. SCALING. Our plant materials centers, in cooperation with other federal and state agencies, have released 302 new conservation plants over the past years. Five plants were released in fiscal year 1989. We will provide a list for the record.

[The information follows:]

1989 PLANT RELEASES

Variety	Common name	Releasing plant materials center
Regal	Desert willow	Los Lunas, NM.
Goldar	Slender wheatgrass	Aberdeen, ID.
Van Horn	Green spangletop	Knox City, TX.
Rhizo	Kura clover	Quicksand, KY.
Vermilion	Smooth cordgrass	Golden Meadow, LA.

STAFFING FOR FOOD SECURITY ACT WORKLOAD

Mr. WHITTEN. There was a significant concern by Members in the past years about the inability of SCS to accomplish all conservation compliance activity without having to shift resources from state to state. Last year you provided us with a table on workload requirements for fiscal years 1988 through 1990. Please update that table through 1991.

Mr. SCALING. We will provide the current information for the record.

[The table follows:]

STATE	FY 1989 STAFF YEARS EXISTING FIELD PROGRAM STAFF CONSISTING OF 1/: ESTIMATED: TOTAL AVAILABLE	BASIC 2/ INFO, MGMT, ADM, FUNCT.	DIRECT 3/ FIELD OPERATIONS	ESTIMATED STAFF REQUIRED FOR FOOD SECURITY ACT OF 1985 WORKLOAD BY FISCAL YEAR 4/: 1988	1989	1990	1991
ALABAMA..........	119	33	86	63	100	80	94
ALASKA...........	9	3	6	6	1	0	1
ARIZONA..........	58	16	42	18	9	7	7
ARKANSAS.........	140	39	101	37	40	47	28
CALIFORNIA.......	180	50	130	36	19	26	27
COLORADO.........	208	58	150	151	165	176	213
CONNECTICUT......	14	4	10	2	2	1	1
DELAWARE.........	19	5	14	2	3	2	1
FLORIDA..........	116	32	84	20	12	15	8
GEORGIA..........	148	41	107	70	89	94	82
HAWAII...........	27	8	19	6	2	3	4
IDAHO............	95	27	68	76	77	81	88
ILLINOIS.........	225	63	162	218	225	304	315
INDIANA..........	160	45	115	121	85	186	181
IOWA.............	371	104	267	442	462	496	509
KANSAS...........	348	97	251	355	349	353	344
KENTUCKY.........	214	60	154	140	282	295	263
LOUISIANA........	97	27	70	22	11	11	12
MAINE............	35	10	25	8	13	10	9
MARYLAND.........	54	15	39	21	18	14	17
MASSACHUSSETS....	21	6	15	2	2	1	0
MICHIGAN.........	111	31	80	45	53	47	40
MINNESOTA........	146	41	105	137	98	178	145
MISSISSIPPI......	154	43	111	77	92	99	91
MISSOURI.........	297	83	214	280	270	331	276
MONTANA..........	233	65	168	307	283	200	280
NEBRASKA.........	274	77	197	244	251	257	266
NEVADA...........	40	11	29	2	2	3	4
NEW HAMPSHIRE....	15	4	11	0	0	0	0
NEW JERSEY.......	21	6	15	8	3	4	4
NEW MEXICO.......	93	26	67	34	35	28	34
NEW YORK.........	115	32	83	59	37	40	42
NORTH CAROLINA...	141	39	102	80	121	127	110
NORTH DAKOTA.....	196	55	141	176	194	208	245
OHIO.............	152	43	109	104	112	142	114
OKLAHOMA.........	199	56	143	144	153	167	161
OREGON...........	76	21	55	32	63	89	79
PENNSYLVANIA.....	114	32	82	72	78	75	81
PUERTO RICO......	40	11	29	1	0	0	0
RHODE ISLAND.....	5	1	4	0	0	0	0
SOUTH CAROLINA ...	95	27	68	30	41	43	32
SOUTH DAKOTA.....	114	32	82	73	114	119	132
TENNESSEE........	137	38	99	113	143	153	153
TEXAS............	542	152	390	424	398	303	280
UTAH.............	85	24	61	18	16	20	19
VERMONT..........	23	6	17	3	2	5	3
VIRGINIA.........	126	35	91	49	54	56	56
WASHINGTON.......	122	34	88	80	107	149	132
WEST VIRGINIA....	61	17	44	11	7	4	5
WISCONSIN........	171	48	123	158	162	226	284
WYOMING..........	57	16	41	19	20	23	28
SUBTOTAL	6,613	1,849	4,764	4,596	4,875	5,298	5,300
CONS EASE 5/	0	0	0	68	50	50	50
TOTAL	6,613	1,849	4,764	4,664	4,925	5,348	5,350

1/ Based on current distribution of employees by state.

2/ Basic information, management and administration functions required within a field office.

3/ Direct field operations includes total direct staffing available for FSA work and work on other eroding lands, rangeland, water conservation, water quality, salinity control, and urban lands etc.

4/ FSA workload estimates for FY 1989 thru 1991 were developed utilizing projections of FSA accomplishments developed in 1989. These estimates do not reflect FSA accomplishments to date for FY 1990.

5/ FmHA has not estimated the distribution of the conservation easement workload by state.

FISCAL YEAR 1991 BUDGET HISTORY

Mr. WHITTEN. Please provide for the record a table showing, by program, the fiscal year 1991 Soil Conservation Service budget proposal to the Department, the Department's recommendation to OMB, and the OMB allowance.

Mr. SCALING. We will be happy to provide that information for the record.

[The information follows:]

SOIL CONSERVATION SERVICE—FISCAL YEAR 1991 BUDGET HISTORY

[In thousands of dollars]

Item	Fiscal year 1991		
	Agency estimate	Department estimate	Budget estimate
Conservation operations:			
1. Technical assistance	466,640	435,540	424,308
2. Soil surveys	80,610	70,610	69,812
3. Snow surveys and water forecasting	5,661	5,661	5,563
4. Operation of plant materials centers	7,899	7,449	7,315
Total, conservation operations	550,810	519,260	506,998
River basin surveys and investigations	15,035	12,335	10,351
Watershed planning authorized by Public Law 566	11,175	8,875	6,875
Watershed and flood prevention operations:			
1. Watershed operations authorized by Public Law 534	26,017	20,218	20,218
2. Emergency watershed protection operations	10,041	10,041	10,041
3. Small watersheds authorized by Public Law 566	136,166	120,853	120,853
Total, watershed and flood prevention opers	172,224	151,112	151,112
Great Plains Conservation Program	21,134	21,134	24,637
Resource conservation and development	25,877	25,877	24,862
Subtotal, appropriated funds	796,255	738,593	724,835
Rural Abandoned Mine Program	(12,000)	(12,000)	(2,114)
Trust funds	560	560	560
Total, Soil Conservation Service	796,815	739,153	725,395

CONTRACTING WITH PRIVATE SECTOR

Mr. WHITTEN. The last several years, Mr. Scaling, you have been able to successfully contract with the private sector for some elements related to Food Securty Act work. Last year you testified that approximately $2.2 million in fiscal year 1988 went for conservation planning contracts and $1 million was for soil mapping work. Would you please bring us up to date on what happened during fiscal year 1989 and your anticipation for 1990 and 1991?

Mr. SCALING. We know of no additional contracts for conservation planning during Fiscal Year 1989, and no new contracts for technical assistance are anticipated for 1990 and 1991. However, we have instituted training programs for conservation contractors and for professional farm managers so that they will have the technical expertise to assist in some practice applications.

Approximately $715,000 was used for private contractors to map soils for Food Security Act purposes during fiscal year 1989. We currently expect to spend about $350,000 for private mapping contracts in fiscal year 1990 and approximately $600,000 in fiscal year 1991. These contracts are primarily in states that initially had a heavy workload for Food Security Act mapping.

REDUCTIONS IN REIMBURSEMENTS

Mr. WHITTEN. You have been reimbursed for technical assistance provided to the conservation reserve program on a per acre basis. Your projections in reimbursements from that program for fiscal year 1990 are approximately $17 million, with a major drop in reimbursement to 1991. Will this have any impact on your ongoing operations?

Mr. SCALING. The reduction in these reimbursements for 1991 is about $13 million which means that we will be able to afford approximately 288 fewer staff years at the field level. Most of the reductions is related to the assumption that Conservation Reserve Program sign-ups will be completed in fiscal year 1990 and the workload will start to decline.

REDUCTIONS IN STAFF YEARS

Mr. WHITTEN. We see in the explanatory notes that you project a decrease in staff years of 357. Please explain how this fits into your ongoing work for conservation compliance in planned implementation and in the Water Quality Initiative.

Mr. SCALING. Conservation compliance for the Food Security Act of 1985 and the Water Quality Initiative are two of the highest priority items proposed in the 1991 budget for the Soil Conservation Service. Staff years funded directly by this appropriation would be the same in 1991 as in 1990 for conservation compliance activities, and new water quality efforts would be increased by 201 staff years over those funded in 1990. However, the budget is an austere one. There are reductions in our water resource programs, and we have significant overall staff year reductions due to lower reimbursements to provide technical assistance in support of programs administered by the Agricultural Stabilization and Conservation Service and the Office of Surface Mining in the Department of the Interior.

Our 1991 budget provides sufficient resources to make good progress on the application phase of the Food Security Act. This assumes that farmers will not wait until the last minute to implement their plans and we can spread the workload fairly evenly over the 5 year period. We are finding that most farmers begin implementation of their plans as soon as possible, and we are working to schedule the necessary technical assistance as resources permit. Currently, application is complete on about 27 percent, or a little over 36 million acres with conservation compliance plans completed.

A more in-depth analysis of the application workload is being conducted now that the FSA plans have been completed. We are putting together an inventory of all of the practices that have been planned and pinpointing the exact locations where they will be implemented. We expect our staff year estimates to change somewhat based on this analysis. We will monitor actual accomplishments and compare them with estimated progress to identify areas of the country that are in danger of not meeting the deadline and to find ways to improve the implementation rate.

INVENTORY AND MONITORING AND RESOURCE APPRAISAL

Mr. WHITTEN. What do you anticipate spending in fiscal year 1990 on inventory and monitoring and resource appraisal activities?

Mr. SCALING. We anticipate spending a little less than $11 million for those activities in fiscal year 1990. The total was reduced by about $118 thousand from our initial plan to spend $11 million due to this year's Gramm-Rudman-Hollings sequester.

Mr. WHITTEN. How does this compare with previous years?

Mr. SCALING. This is the same spending level as in previous years except for the sequester reduction.

STATUS OF HIGHLY ERODIBLE CROPLAND SOIL SURVEYS

Mr. WHITTEN. Last year you indicated that at the end of fiscal year 1989 you would have approximately five million acres of cropland or potential cropland acres that needed soil mapping to identify highly erodible cropland impacted by the Food Security Act requirements. Please bring us up to date on completion of highly erodible cropland surveys.

Mr. SCALING. Only about 2.74 million acres of Food Security Act impacted land had not been mapped as of the start of fiscal year 1990. During the first quarter of 1990, mapping was completed on another 1.36 million acres, and the remaining land will be completed by the end of the year. We are surveying this land upon request so that Food Security Act conservation compliance plans can be prepared and no one will be denied USDA farm benefits for lack of a soil survey.

ESTIMATED ACRES OF PRIVATELY OWNED NONCROPLAND STILL NEEDING SOIL SURVEYS

Mr. WHITTEN. Also provide a table for the record showing the estimated acres of non-cropland of privately owned land that needs a soil survey and a time frame in which to accomplish this.

Mr. SCALING. Nearly 339 million acres of privately owned noncropland still needed an initial soil survey as of October 1989. About 115.3 million of these acres were in Alaska. We estimate that a realistic figure of privately owned non-cropland that will be actively surveyed is about 229 million acres because much of the Alaskan land is not now planned for a soil survey. These figures do not include other public, federal and state owned lands for which the Soil Conservation Service also has leadership responsibility to survey.

The Soil Conservation Service presently maps previously unsurveyed areas at a rate of about 30 million acres each year. If this rate can be maintained, it would take about eight years to complete the mapping of private lands. However, we also update older surveys each year that no longer meet user needs or technical standards due to changes in technology and types of information requested.

Approximately 7 million acres of soil surveys are updated each year. We expect to increase this acreage over the next few years as more and more of our soil surveys reach their twenty year estimated life span. Because of this, we project that the remainder of the previously unsurveyed private lands will be mapped by the year 2000. All soil surveys will require periodic database maintenance and mapping updates to continue the quality of assistance needed by farmers, ranchers, units of government and other decision makers.

We will provide a state by state table for the record showing the estimated acres of privately owned non-cropland still needing an initial soil survey as of October 1989.

[The information follows:]

Estimated acres of privately owned noncropland still needing soil surveys

State:	*Acres (thousands)*
Alabama	6,393
Alaska	115,271
Arizona	20,006
Arkansas	1,615
California	8,676
Colorado	4,837
Connecticut	0
Delaware	0
Florida	5,493
Georgia	4,434
Hawaii	47
Idaho	2,846
Illinois	4,176
Indiana	0
Iowa	1,356
Kansas	0
Kentucky	2,994
Louisiana	4,371
Maine	7,130
Maryland	0
Massachusetts	13
Michigan	6,379
Minnesota	12,547
Mississippi	4,092
Missouri	11,809
Montana	13,914
Nebraska	4,004
Nevada	1,272
New Hampshire	1,191
New Jersey	123
New Mexico	2,270
New York	5,577
North Carolina	6,753
North Dakota	7,328
Ohio	505
Oklahoma	0
Oregon	8,540
Pennsylvania	0
Puerto Rico	0
Rhode Island	0
South Carolina	93
South Dakota	1,176
Tennessee	4,145
Texas	17,374
Utah	7,039
Vermont	1,678
Virginia	7,762

Washington	1,296
West Virginia	2,386
Wisconsin	7,315
Wyoming	12,723
Total	338,949

SNOW SURVEY UPGRADE PROGRAM

Mr. WHITTEN. We are currently in the fourth year of what was originally planned to be a five-year program to upgrade the SNOTEL equipment. Last year you indicated because of uncontrollable costs, the program had slipped an additional year and the costs had increased by approximately 20 percent. Please provide us an updated table showing the revised yearly costs for the SNOTEL upgrade and provide some description as to the reasons behind the significant increase in costs.

Mr. SCALING. We will provide an updated table of the SNOTEL upgrade for the record. The SNOTEL upgrade includes high technology electronics equipment designed to function in the severe environment found at high elevations in remote mountain ranges for the 560 sites, three master stations, a central computer, supporting software, and limited maintenance for the electronic equipment. The major cost component of the SNOTEL upgrade is the replacement of the transceivers. These units are essentially available from only one supplier and there is almost no opportunity to shop around for them. The initial estimate for the transceivers was a unit cost of $5,000 in 1985 dollars. The best contract price that we were able to negotiate was on an increasing scale that included inflationary costs with unit prices of $6,228 for the first 100 units. We were able to substantially reduce the cost of some items of the upgrade during the bid process, but in most cases the actual prices have been higher than the 1985 estimate.

Another area of cost uncertainty for technological and compatibility reasons has been the system's 124 model 550A transceivers. These units have been in service from five to seven years with an estimated life of ten years. They are scheduled for rehabilitation and conversion to match the 550B transceivers being procured in the upgrade. There is no precedent on which to base an estimate for these conversion costs.

We still do not have firm costs for some of the upgrade items planned for 1990 including the three master stations, the SNOTEL central computer, and the supporting software. Computer hardware costs are generally holding level or reducing and computing and storage capabilities are increasing. Software development costs have increased significantly since the original estimate.

As a result of these complex technological and economic factors, the total estimated cost for the SNOTEL upgrade was increased from the $5 million estimate made in 1985 to $6 million. In order to keep the annual cost of this upgrade within the $1 million provided for this purpose, we have had to extend the time frame for completing the program. However, our current estimate of the overall cost of the SNOTEL system upgrade remains at $6 million.

Now that we are nearing the end of the major procurement of the transceivers and computer equipment for the SNOTEL upgrade and most of the replacement equipment will be purchased by the end of this year, our attention is being focused on longer-term needs to ensure continued effectiveness and efficiency of the upgraded system. Scheduled annual maintenance and adequate support of the upgraded system is an area of concern if we are to avoid another expensive repair effort in the future. The ongoing SNOTEL upgrade will replace and/or refurbish the old electronic equipment at remote sites. However, routine and emergency maintenance and repairs of this equipment will still be required.

This includes maintenance and replacement of the equipment used to service the entire snow survey system, including specialized oversnow equipment and the heavy duty transport vehicles used to move the equipment from area to area. Our overall plan now incorporates a new element of funding beginning in 1991 to address these longer-term maintenance and support needs. This will, of course, be a continuing annual requirement after completion of the upgrade in order to operate and maintain an effective snow survey program.

[The information follows:]

COSTS FOR PROPOSED REVISION
OF
SNOTEL UPGRADE PLAN

NON RECURRING ITEMS	FISCAL YEARS - COSTS X $1,000							
	1987	1988	1989	1990	1991	1992	1993	TOTAL
A. Equipment – Transceivers/Computers:	-	-	-	-	-	-	-	-
1. Transceivers	634	643	759	700	0	0	0	2,736
2. Graphics Terminals/ Printers/PC	6	15	12	0	0	0	0	33
3. Master Station H/W	8	10	0	0	240	0	0	258
4. SNOTEL Computer H/W	0	7	0	0	80	0	0	87
5. (SUBTOTALS)	(648)	(675)	(771)	(700)	(320)	(0)	(0)	(3,114)
Equipment – Components:	-	-	-	-	-	-	-	-
1. Shelters	7	3	0	10	10	39	46	115
2. Precip gages	0	16	0	0	10	30	0	56
3. Pillow Sets	46	24	13	17	10	100	150	360
4. Transducers	18	19	23	20	34	125	120	359
5. Solar Panels	13	5	10	7	4	14	0	53
6. Antennas	25	45	15	20	8	0	0	113
7. SCS-built components	0	30	17	12	4	0	0	63
8. (SUBTOTALS)	(109)	(142)	(78)	(86)	(80)	(308)	(316)	(1,119)
B. ADP Services: N/A	-	-	-	-	-	-	-	-
C. Equipment Maintenance:	-	-	-	-	-	-	-	-
1. Diagnostic Test Sets	44	3	0	0	0	0	0	47
Manuals/Documentation	33	2	0	0	0	0	0	35
Training	0	22	0	0	0	0	0	22
4. Other	0	4	0	0	0	0	0	4
5. Conversion 550A to 550B	0	0	0	0	0	272	100	372
6. (SUBTOTALS)	(77)	(31)	(0)	(0)	(0)	(272)	(100)	(480)
D. Software Packages: N/A	-	-	-	-	-	-	-	-
E. ADP Sup. Serv's. – Contracts:	-	-	-	-	-	-	-	-
1. Transceiver Spec.	18	0	0	0	0	0	0	18
2. Master Station Spec.& S/W	0	0	1	64	120	35	0	220
3. SNOTEL Comp. Spec. & S/W	0	0	0	0	130	35	0	165
4. (SUBTOTALS)	(18)	0	(1)	(64)	(250)	(70)	(0)	(403)
F. Installation Costs	148	152	150	150	150	150	84	984
SUBTOTAL, SNOTEL UPGRADE	1,000	1,000	1,000	1,000	800	800	500	6,100
LONG-TERM MAINTENANCE & SUPPORT	0	0	0	0	200	200	500	→
REVISED TOTALS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	

PATENTS FOR CONSERVATION PLANT MATERIALS

Mr. WHITTEN. Last year you indicated that SCS had not patented any of its releases for development of conservation plants from its Plant Materials Centers, but you also indicated that this has caused some problems where there is not a significant market to make it commercially viable for growers and that you may seek patents on some in the future. Have you, in fact, sought any patents on any new plants?

Mr. SCALING. We have not patented any of the plants developed in our centers. However, one plant variety that we developed has been patented recently by the state agricultural experiment station that cooperated with us in the release of the plant. We will be issuing new policy that will allow the Soil Conservation Service to patent releases developed at the plant materials centers under certain circumstances such as situations in which there is not a significant market to make it commercially viable for growers to develop a needed conservation plant material.

SOIL CONSERVATION SERVICE OPERATIONS ACCOUNT

Mr. WHITTEN. Of the increase requested for the Soil Conservation Service Operations account, you indicate that $17.6 million will be to provide technical assistance in support of the government-wide Water Quality Initiative. Do you expect to geographically target these funds in any way, and if so, please provide some details?

Mr. SCALING. Of the funds requested in 1991, we expect that $15.0 million will be geographically targeted to regional programs or to areas within states with identified agricultural related water quality problems. We estimate that $1.2 million will be distributed to regional programs, $10.5 million to hydrologic units, and $3.3 million to demonstration projects.

IMPACT OF WIND EROSION ESTIMATES ON STATE BUDGET ALLOCATIONS

Mr. WHITTEN. We know that you have been in the process of compiling and analyzing data from the 1987 Natural Resources Inventory (NRI) collections. The NRI results are used for planning and program development purposes in most SCS activities. It has been reported by several conservationists that the NRI significantly overstates wind erosion amounts and without some significant adjustment to this, allocation of funds will be skewed. Could you please comment on this and tell us what you are doing to address these concerns?

Mr. SCALING. The Natural Resources Inventory results are used for planning and program development purposes in most Soil Conservation Service activities. However, we do not use the wind erosion amounts to allocate funds to the States. The wind erosion estimates are used as an index that is uniformly applied to each state. This means that we have an indication of the relative erosion by state, but not necessarily a definitive assessment of actual erosion. As a result, the estimates for all the states are correct, understated or overstated to the same degree.

We are aware that the accuracy of the wind erosion estimates has been questioned. The Soil Conservation Service in cooperation with the Agricultural Research Service has been working on a new wind erosion equation for the last six years. The new wind erosion equation will eventially be used to make Natural Resources Inventory estimates.

RIVER BASINS SURVEYS AND INVESTIGATIONS

Mr. WHITTEN. Your budget proposes to reduce the river basin surveys and investigations account by approximately 16 percent. This is a similar proposal to past years. Do you have a list of which studies might be impacted by a reduction in funds or would it be an across-the-board slowdown for all studies?

Mr. SCALING. The ongoing studies would have about 16 percent less federal funding in FY 1991 across-the-board. Studies would need to be extended or reevaluated to modify the comprehensiveness of the study. No new study starts would be initiated.

Mr. WHITTEN. How many requests did you receive during fiscal year 1989 from local sponsors for river basin surveys and investigations assistance? Please list these for the record.

Mr. SCALING. Thirty requests for river basin surveys and investigations assistance were recieved in FY 1989 and approved for funding in FY 1990. There were 15 requests for cooperative river basin studies and 15 requests for flood plain management studies. A list is provided. Requests are normally received during the latter part of a fiscal year for funding in the succeeding year. Also provided is a list of thirty-five requests for river basin surveys and investigations assistance received in FY 1988 for approval in FY 1989.

[The information follows:]

CRBS ASSISTANCE REQUESTS RECEIVED IN FISCAL YEAR 1989

Alabama: Black Belt Water Resources.
Arkansas: Illinois River.
Colorado: Lower Arkansas River.
Georgia: Upper Oconee River.
Hawaii: Ka'u.
Kansas: Kansas State Water Plan.
Kentucky: Green River Reservoir.
Kentucky: Licking River.
Louisiana: Sabine-Calcasieu Area.
Michigan: Menominee River.
Minnesota: South Central Minnesota River.
Nebraska: Non-Poiont Water Quality Study.
New Mexico: Upper Pecos River.
South Carolina: Lake Marion.
Texas: Middle Colorado River.

FPMS ASSISTANCE REQUESTS RECEIVED IN FISCAL YEAR 1989

Colorado: Pawnee Creek.
Connecticut: Scantic River.
Georgia: White County.
Maine: Rangeley.
Maryland: Fishing Creek.
Massachusetts: Unquity Brook.
Michigan: Cold Creek.
Montana: Prickly Pear.
Nebraska: Lower Big Nemaha.
New Mexico: City of Gallup.
North Carolina: Lumber River.
South Carolina: Holly Hill.
Vermont: Town of Tunbridge.
Washington: Humptulips River.

Wisconsin: Correction Creek.

NEW CRBS STARTS FOR FISCAL YEAR 1989

Connecticut: Housatonic River.
Idaho: Erosion-Water Quality Studies.
Illinois: Upper Embarras River.
Louisiana: Tangipahoa River.
Montana: Impaired Water Quality.
New Hampshire: Water Resource Management.
New York: Lake Ontario Drainage.
North Carolina: Guilford County.
North Dakota: West Missouri River.
Ohio: Nonpoint Source Problem.
Rhode Island: Water Resource Management Guidelines.
South Carolina: Edisto River Water Quality.
South Dakota: Water Quality Assessment.
Tennessee: Nolichucky River-Toe.
Virginia: Hydrologic Unit.
Wisconsin: Statewide Land Cover Mapping.

NEW FPMS STARTS FOR FISCAL YEAR 1989

Arizona: Northern Sulfur Springs Valley.
Arizona: City of Sedona.
Arkansas: City of Ashdown.
Arkansas: City of Dumas.
Connecticut: Flood Management.
Florida: Scipio Creek.
Florida: Phillippi Creek.
Georgia: Towns County.
Michigan: Baraga Village.
Missouri: Weston's Bear River.
Missouri: Flat Creek.
Montana: Little Blackfoot River.
Nebraska: Loseke Taylor Creeks.
Nevada: Railroad Canyon.
New Hampshire: Souhegan River.
North Dakota: City of Williston.
South Carolina: Sullivans Island.
South Carolina: Isle of Palms.
Vermont: Floodwater Management.

RIVER BASINS SURVEYS AND INVESTIGATIONS

Mr. WHITTEN. Are there any of these in which the Soil Conservation Service did not act during fiscal year 1989?

Mr. SCALING. All of the requests for river basin surveys and investigations assistance received in FY 1989 have since been initiated in Fiscal Year 1990. As explained previously, requests are received in the year prior to the one in which they are funded.

Mr. WHITTEN. How many of the new requests did local sponsors commit to providing local funds?

Mr. SCALING. Sponsors of all 35 new starts granted in FY 1989 and all 30 new requests received in FY 1989 have committed funds to conduct the studies.

Mr. WHITTEN. Your explanatory notes indicate that all of the cooperative river basin surveys started in 1989 incorporated water quality improvement as a study concern. It would appear that these surveys would play a role in the overall scheme of the Water Quality Initiative by the Federal Government. Can you explain how a 15 percent reduction in river basin surveys dovetails with the Water Quality Initiative of the Federal Government?

Mr. Scaling. The protection of the quality of surface and groundwater against harmful contamination or from nonpoint sources to maintain the quality of water available for beneficial purposes is one of our highest priorities as set forth in the National Conservation Program for the period 1988–1997. River basin studies do play an important role in our overall water quality effort and those studies that address this issue will receive the highest priority for funding under the reduced level proposed in the 1991 budget. The reduction will come from lower priority work that addresses less urgent resource concerns.

WATERSHED PLANNING

Mr. Whitten. At the beginning of fiscal year 1990, how many viable applications for watershed planning did you have? Please provide for the record a list of applications either available for planning or in the active planning stage.

Mr. Scaling. We had 291 viable applications for watershed planning and 94 projects in active planning at the beginning of fiscal year 1990. We will provide a list of them for the record.

[The information follows:]

APPLICATIONS ON HAND AS OF 9/30/89

STATE	WATERSHED NAME
ALABAMA	ABBIE CREEK
ALABAMA	ABBIE-OMUSSEE CREEK
ALABAMA	BUCKHORN-BIG CREEKS
ALABAMA	HURRICANE CREEK
ALABAMA	IVY CREEK
ALABAMA	N.E. YELLOW RIVER
ALABAMA	OMUSSEE CREEK
ALABAMA	PINEY CREEK
ALABAMA	POND CREEK
ARIZONA	BLACK DIAMOND PEAK
ARIZONA	GRANITE CREEK
ARIZONA	PICACHO
ARIZONA	SALOME-WENDEN
ARIZONA	SAN JOSE CANAL
ARIZONA	TONAPAH
ARIZONA	WEST BRANCH SANTA CRUZ RIVER
ARKANSAS	BLACK CREEK (MO)
ARKANSAS	CYPRESS DITCH
ARKANSAS	DE PARTEE CREEK
ARKANSAS	WHIG CREEK-FLAGG LAKE
ARKANSAS	YELLVILLE
CALIFORNIA	BEAN CREEK
CALIFORNIA	BIG SPRINGS
CALIFORNIA	DRY CREEK-SCHMIDT CREEK
CALIFORNIA	FORBES CREEK
CALIFORNIA	FRAZIER-STRATHMORE
CALIFORNIA	LAGUNA IRRIGATION WATER MGT. PROJECT
CALIFORNIA	LAS TRAMPAS CREEK
CALIFORNIA	LOWER CALLEGUAS CREEK & TRIBUTARIES
CALIFORNIA	MINT CANYON
CALIFORNIA	PANOCHE-BROADVIEW-GRASSLANDS
CALIFORNIA	POTTER CREEK
COLORADO	HIGHLINE BREAKS
COLORADO	LIMESTONE-GRAVEYARD CREEKS
COLORADO	TONGUE CREEK
FLORIDA	EAST BEACH WATER CONTROL DISTRICT
FLORIDA	LAKE MANATEE
GEORGIA	BRIDGE CREEK
HAWAII	GLENWOOD/MOUNTAIN VIEW FLOOD CNTL PROJ
HAWAII	KILAUEA WATER MANAGEMENT
IDAHO	BOISE FRONT
IDAHO	ROCK CREEK (TWIN FALLS)
ILLINOIS	BIG CREEK
ILLINOIS	BONPAS CREEK
ILLINOIS	LAKE EVERGREEN-LAKE BLOOMINGTON
ILLINOIS	TINLEY CREEK
ILLINOIS	UPPER CRAB ORCHARD CREEK
INDIANA	BLUE RIVER
INDIANA	LOWER EEL RIVER WATERSHED
IOWA	BEAR CREEK
IOWA	C.B.S.
IOWA	GERMAN CREEK

APPLICATIONS ON HAND AS OF 9/30/89

STATE	WATERSHED NAME
IOWA	LITTLE PAINT CREEK
IOWA	PACS-INDIAN CREEK
IOWA	SAND COVE
IOWA	SHOW CREEK
IOWA	UPPER MOSQUITO
IOWA	WEST NODAWAY
IOWA	WEST TARKIO CREEK
KANSAS	ALLEN CREEK
KANSAS	CEDAR CREEK (ATCHISON)
KANSAS	DOYLE CREEK
KANSAS	EAGLE CREEK
KANSAS	GROUSE-SILVER CREEK
KANSAS	JAMES DRAW
KANSAS	LONG-SCOTT CREEK
KANSAS	LOWER MILL CREEK
KANSAS	LOWER POTTAWATOMIE CREEK
KANSAS	OTTER CREEK
KANSAS	PAWNEE NO. 1 (SAWMILL)
KANSAS	PAWNEE NO. 2 (RIVERSIDE)
KANSAS	PAWNEE NO. 3 (SAWLOG)
KANSAS	PAWNEE NO. 4 (BUCKNER)
KANSAS	PAWNEE NO. 5 (HACKBERRY)
KANSAS	PAWNEE NO. 6 (RAVANNA)
KANSAS	PAWNEE NO. 7 (UPPER PAWNEE)
KANSAS	ROCK CREEK (LYON COUNTY)
KANSAS	SPRING CREEK (MARSHALL)
KANSAS	SPRING CREEK-STRAIGHT CREEK
KANSAS	SWITZLER CREEK
KANSAS	TAUY CREEK
KANSAS	UPPER DELAWARE & TRIBUTARIES
KANSAS	UPPER MILL CREEK
KANSAS	UPPER POTTAWATOMIE CREEK
KANSAS	VERMILLION CREEK
KENTUCKY	CASEY CREEK
KENTUCKY	HANGING FORK CREEK
KENTUCKY	RICHLAND CREEK
KENTUCKY	UPPER LICKING RIVER
LOUISIANA	BARNES CREEK
LOUISIANA	BAYOU DUGRAPPE
LOUISIANA	BAYOU LACASSINE
LOUISIANA	BAYOU QUEUE DE TORTUE
LOUISIANA	BLACK BAYOU
LOUISIANA	BROADMORE WATERSHED
LOUISIANA	CENTRAL LAFAYETTE
LOUISIANA	CYPREMORT RIDGE
LOUISIANA	EAST RICHLAND
LOUISIANA	GASTIS CREEK
LOUISIANA	LITTLE INDIAN BAYOU
LOUISIANA	LONG BRANCH
LOUISIANA	RIGOLETTE
LOUISIANA	WEST RICHLAND

APPLICATIONS ON HAND AS OF 9/30/89

STATE	WATERSHED NAME
MAINE	GREEN RIDGE WATERSHED
MAINE	PISCATAQUIS RIVER
MAINE	PRESTILE STREAM
MARYLAND	KINGS CREEK
MARYLAND	MARUMSCO
MARYLAND	POCOMOKE RIVER (VA. & DEL)
MARYLAND	TURKEY BRANCH
MINNESOTA	BADGER CREEK
MINNESOTA	CEDAR VALLEY
MINNESOTA	THOMPSON VALLEY
MINNESOTA	TURTLE CREEK
MISSISSIPPI	BIG SAND CREEK
MISSISSIPPI	BOGUE CHITTO CREEK
MISSISSIPPI	CONEHATTA CREEK
MISSISSIPPI	DOAKS CREEK
MISSISSIPPI	DOG RIVER
MISSISSIPPI	DRY CREEK
MISSISSIPPI	FIVE MILE CREEK
MISSISSIPPI	LAUREL CREEKS
MISSISSIPPI	LEWIS AND BETSY AND HAYS CREEKS
MISSISSIPPI	LITTLE BLACK CREEK
MISSISSIPPI	MOON LAKE-PHILLIPS BAYOU
MISSISSIPPI	PEACHAHALA CREEK
MISSISSIPPI	SANDY CREEK
MISSISSIPPI	SENEASHA CREEK
MISSISSIPPI	SEVEN CREEKS
MISSISSIPPI	SKIFFER CREEK
MISSISSIPPI	SOUTHWEST DELTA
MISSISSIPPI	ZILPHA CREEK
MISSOURI	BEE BRANCH
MISSOURI	BLACKBIRD-WILDCAT CREEKS (IOWA)
MISSOURI	CACHE RIVER (AR)
MISSOURI	CANE CREEK (AR)
MISSOURI	CLEAR CAYHOGA, MUDDY CREEKS
MISSOURI	CROOKED RIVER
MISSOURI	EAST FORK GRAND RIVER (IOWA)
MISSOURI	HICKORY CREEK
MISSOURI	HONEY AND SUGAR CREEK
MISSOURI	LITTLE DRYWOOD CREEK
MISSOURI	LITTLE THIRD FORK OF PLATTE RIVER
MISSOURI	LOWER 102 RIVER
MISSOURI	MEDICINE CREEK (IOWA)
MISSOURI	MIDDLE FORK OF CHARITON
MISSOURI	NORTH RIVER
MISSOURI	NORTH WYACONDA (IOWA)
MISSOURI	NORTH-INTER RIVER
MISSOURI	PIKE-SPENCER
MISSOURI	SALT CREEK-GARDEN OF EDEN
MISSOURI	ST JOHNS BAYOU BASIN
MISSOURI	WEST FORK OF GRAND RIVERS TRIBS
MISSOURI	WESTON'S BEAR CREEK
MONTANA	ROSEBUD-TREASURE

APPLICATIONS ON HAND AS OF 9/30/89

STATE	WATERSHED NAME
NEBRASKA	BELL CREEK
NEBRASKA	BIG MUDDY CREEK
NEBRASKA	BUFFALO-ELM CREEK
NEBRASKA	FISH CANYON
NEBRASKA	HOWE CREEK
NEBRASKA	LOSEKE-TAYLOR
NEBRASKA	LOWER BIG NEMAHA
NEBRASKA	LOWER WOOD RIVER
NEBRASKA	MINNECHADUZA
NEBRASKA	NEW YORK CREEK
NEBRASKA	NORTH BRANCH
NEBRASKA	NORTH FORK
NEBRASKA	NORTH-EAST CASS
NEBRASKA	OGALLALA
NEBRASKA	PEBBLE CREEK
NEBRASKA	PERU-BROWNVILLE
NEBRASKA	PIGEON-OMAHA CREEK
NEBRASKA	PLUM CREEK
NEBRASKA	ROCK CREEK (LANCASTER)
NEBRASKA	SHELL CREEK
NEBRASKA	SOUTH LOGAN CREEK
NEBRASKA	SOUTH TURKEY CREEK
NEBRASKA	SOUTHERN SARPY
NEBRASKA	STEVENS CREEK
NEBRASKA	THOMPSON CREEK
NEBRASKA	TURKEY CREEK-NAPONEE
NEBRASKA	UPPER PRAIRIE CREEK
NEBRASKA	WAHOO CREEK
NEBRASKA	WARM SLOUGH-SILVER CREEK
NEBRASKA	WEEPING WATER CREEK
NEW HAMPSHIRE	BLOW-ME-DOWN BROOK
NEW HAMPSHIRE	CLARK BROOK
NEW JERSEY	JACOBS CREEK
NEW JERSEY	UPPER MILLSTONE RIVER
NEW YORK	DONNER BROOK
NORTH CAROLINA	BLACK CREEK
NORTH CAROLINA	BROWN MARSH
NORTH CAROLINA	CATAWBA RIVER
NORTH CAROLINA	CITY OF WHITEVILLE
NORTH CAROLINA	CONETOE CREEK
NORTH CAROLINA	FAIRFIELD
NORTH CAROLINA	LONG SWAMP
NORTH CAROLINA	LYON SWAMP
NORTH CAROLINA	MAXWELL CREEK
NORTH CAROLINA	MUDDY CREEK OF THE YADKIN RIVER
NORTH CAROLINA	SLENDER BRANCH
NORTH DAKOTA	NOONAN WATERSHED
NORTH DAKOTA	OAK CREEK
NORTH DAKOTA	OX CREEK
NORTH DAKOTA	WILLOW CREEK

APPLICATIONS ON HAND AS OF 9/30/89

STATE	WATERSHED NAME
OHIO	GORDON CREEK (INDIANA)
OHIO	LITTLE SALT CREEK
OHIO	LITTLE SCIOTO RIVER
OHIO	LOWER BLANCHARD RIVER
OHIO	LOWER KILLBUCK CREEK
OHIO	MIDDLE ST. MARYS
OHIO	NORTH FORK OF PAINT CREEK
OHIO	OTTAWA RIVER
OHIO	TOUSSAINT CREEK
OHIO	UPPER AUGLAIZE RIVER
OHIO	UPPER ROCKY FORD CREEK
OHIO	UPPER ST. MARYS
OHIO	VILLAGE OF DRESDEN
OHIO	WALNUT CREEK & TRIBUTARIES
OHIO	WEST BRANCH OF WOLF CREEK
OKLAHOMA	BIRDS NEST
OKLAHOMA	BLACK FORK CREEK (AR)
OKLAHOMA	BUCKHEAD
OKLAHOMA	CANADIAN LATERALS
OKLAHOMA	COMBINED CREEKS(ARKANSAS)
OKLAHOMA	COTTONWOOD CANYON
OKLAHOMA	HOLSTON-REICHERT-CONSER CREEK
OKLAHOMA	KINGFISHER CREEK
OKLAHOMA	LUKFATA CREEK
OKLAHOMA	MIDDLE MUDDY BOGGY
OKLAHOMA	NORTH BOGGY CREEK
OKLAHOMA	NORTH LATERALS OF NORTH FORK OF RED RIV
OKLAHOMA	SALT FORK
OKLAHOMA	SAND CREEK
OKLAHOMA	SIX MILE CREEK
OKLAHOMA	STINKING CREEK
OKLAHOMA	TIMBER CREEK
OKLAHOMA	UPPER BIG CABIN
OKLAHOMA	WALNUT BAYOU
OKLAHOMA	WHISKEY CREEK
OREGON	TROUT CREEK
OREGON	WILDHORSE CREEK
PENNSYLVANIA	BENTLEY CREEK (NY)
PENNSYLVANIA	BIG COVE CREEK
PENNSYLVANIA	CALKINS CREEK
PENNSYLVANIA	LITTLE MAHANOY CREEK
PENNSYLVANIA	LITTLE PUCKETA CREEK
PENNSYLVANIA	SPRING CREEK
PENNSYLVANIA	YELLOW CREEK
PUERTO RICO	CULEBRINAS RIVER
SOUTH CAROLINA	BLACK CREEK
SOUTH CAROLINA	COOSAWHATCHIE-JACKSON CREEK
SOUTH CAROLINA	RIDGE
SOUTH CAROLINA	SCAPE ORE WATERSHED
SOUTH CAROLINA	STONEY FORK-SOUTH FORK
SOUTH CAROLINA	TOKEENA WATERSHED
SOUTH CAROLINA	TRIO WATERSHED
SOUTH DAKOTA	SLIP UP CREEK

APPLICATIONS ON HAND AS OF 9/30/89

STATE	WATERSHED NAME
TENNESSEE	BIG ROCK CREEK
TENNESSEE	BUCK CREEK
TENNESSEE	CAMP CREEK
TENNESSEE	CHARLES CREEK
TENNESSEE	CHERRY BOTTOM
TENNESSEE	ESTILL FORK & HURRICANE FORK
TENNESSEE	GRASSY CREEK
TENNESSEE	GROVE CREEK
TENNESSEE	HALL'S CREEK
TENNESSEE	HICKORY CREEK
TENNESSEE	HORSE-TURKEY CREEK
TENNESSEE	MOUNTAIN CREEK
TENNESSEE	MOUSE CREEK-SPRING CREEK
TENNESSEE	OOSTANAULA CREEK
TENNESSEE	REEDS CREEK
TENNESSEE	RHEA COUNTY MUDDY CREEK
TENNESSEE	ROGERS CREEK
TENNESSEE	SHILOH
TENNESSEE	TOWN CREEK
TENNESSEE	WEST PINEY CREEK
TENNESSEE	WILLIAMS CREEK
TEXAS	DEVERS CANAL SYSTEM
TEXAS	SECO CREEK
TEXAS	UPPER NORTH BOSQUE
VIRGINIA	SANDY RIVER
VIRGINIA	STOCK CREEK
WASHINGTON	SALMON CREEK
WEST VIRGINIA	CAMPBELL'S CREEK
WEST VIRGINIA	LOWER DECKERS CREEK
WEST VIRGINIA	UPPER FISH CREEK
WEST VIRGINIA	UPPER MEADOW RIVER
WISCONSIN	LOWER GRANT RIVER
WYOMING	EDEN VALLEY IRRIGATION AND DRAINAGE

TOTAL 291 APPLICATIONS

SMALL WATERSHED PROJECTS IN PLANNING AS OF 9/30/89

STATE	WATERSHED NAME
ALABAMA	LITTLE CATOMA CREEK
ALABAMA	MEMPHIS-NOXUBEE WATERSHED
ALABAMA	SHORT-SCARHAM CREEKS
ALABAMA	SOUTH SAUTY CREEK
ALABAMA	TOWN CREEK
ARIZONA	NEW MAGMA WATERSHED
ARKANSAS	LITTLE RED RIVER
CALIFORNIA	LELAND FREEBORN SALINITY MANAGEMENT
CALIFORNIA	MCCOY WASH
CALIFORNIA	SOUTH FORK KINGS RIVER
CALIFORNIA	UPPER PENITENCIA CREEK
COLORADO	RED WASH
COLORADO	TRINIDAD LAKE NORTH WATERSHED
CONNECTICUT	HARBOR BROOK
CONNECTICUT	YANTIC RIVER
DELAWARE	INDIAN RIVER BAY WATERSHED
FLORIDA	SPRING CREEK
GEORGIA	NORTH LANIER WATERSHED
GEORGIA	PISCOLA CREEK
GEORGIA	TURKEY CREEK
HAWAII	KAGMAN WATERSHED
HAWAII	LAHAINA
HAWAII	UPCOUNTRY MAUI
HAWAII	WAIMEA-PAAUILO AGRICULTURAL
IDAHO	BEDROCK CREEK
IDAHO	MISSION-LAPWAI CREEK
IDAHO	PARIS CREEK
ILLINOIS	EVERGREEN LAKE
ILLINOIS	UPPER CRAB ORCHARD CREEK
INDIANA	HONEY CREEK
KANSAS	PONY CREEK (NEBRASKA)
KENTUCKY	BRASHEARS CREEK
KENTUCKY	BUCK CREEK
KENTUCKY	CANE VALLEY WATERSHED
KENTUCKY	RUSSELL BRANCH
KENTUCKY	SOUTH FORK LITTLE RIVER
LOUISIANA	CENTRAL RICHLAND
LOUISIANA	MILL HAVEN
LOUISIANA	SICILY ISLAND
MAINE	LONG-CROSS LAKES
MARYLAND	LINGANORE CREEK (NOW IN OPERATIONS)
MICHIGAN	MUD CREEK
MICHIGAN	SOUTH BRANCH KAWKAWLIN RIVER
MINNESOTA	LAZARUS CREEK
MINNESOTA	UPPER NORTH BRANCH OF ROOT RIVER
MISSISSIPPI	LONG BEACH
MISSISSIPPI	WHITES CREEK (NOW IN OPERATIONS)
MISSOURI	CROOKED AND OTTER CREEK
MISSOURI	EAST YELLOW CREEK
MISSOURI	MIDDLE FORK OF SALT RIVER
MISSOURI	MONITEAU CREEK
MISSOURI	UPPER LOCUST CREEK (IA) (NOW IN OPER.)

SMALL WATERSHED PROJECTS IN PLANNING AS OF 9/30/89

STATE	WATERSHED NAME
MONTANA	THIRTYMILE CREEK
NEVADA	EAST WALKER
NEW JERSEY	CROSSWICKS/BLACKS CREEK
NEW JERSEY	LOWER PEQUEST FLOOD PROTECTION
NEW MEXICO	LARGO-AGUA FRIA WATERSHED
NEW YORK	CANANDAIGUA LAKE
NEW YORK	CAYADUTTA CREEK
NEW YORK	ORISKANY CREEK
NEW YORK	TOMHANNOCK RESERVOIR WATERSHED
NEW YORK	VIRGIL CREEK
NORTH CAROLINA	BIG AND DOUBLE CREEKS
NORTH CAROLINA	GOSHEN SWAMP
NORTH CAROLINA	UPPER CONTENTNEA CREEK
NORTH DAKOTA	BELFIELD
NORTH DAKOTA	SHELL LAKE
OHIO	FOUR MILE CREEK
OHIO	UPPER BLANCHARD RIVER
OHIO	UPPER TIFFIN WATERSHED
OKLAHOMA	BRAZIL CREEK
OKLAHOMA	LITTLE BEAVER CREEK
OKLAHOMA	LUGERT-ALTUS
OKLAHOMA	SANS BOIS CREEK
OKLAHOMA	WILD HORSE CREEK
OREGON	DEADMAN-BULLARD
OREGON	FLETCHER GULCH
SOUTH CAROLINA	SOUTH EDISTO
SOUTH CAROLINA	WOODROW WATERSHED (NOW IN OPERATIONS)
TEXAS	HUDSPETH COUNTY CONS & RECLAMATION
TEXAS	LOWER AQUILLA-HACKBERRY CREEK
TEXAS	SULPHUR CREEK
VERMONT	LOWER LAKE CHAMPLAIN
VERMONT	LOWER LAMOILLE RIVER
VERMONT	LOWER MISSISQUOI RIVER
VIRGINIA	SANDY CREEK
VIRGINIA	THREE CREEK
WASHINGTON	NORTH WHITSTRAN WATERSHED
WASHINGTON	PATAHA CREEK
WASHINGTON	TUCANNON RIVER
WEST VIRGINIA	HOWARD CREEK (NOW IN OPERATIONS)
WEST VIRGINIA	LOWER MUD RIVER
WEST VIRGINIA	TRIBUTARY OF EVITTS RUN (NOW IN OPER.)
WYOMING	ALLISON DRAW

TOTAL 94 PLANS

WATERSHED PLANNING

Mr. **Whitten**. You indicate that if your budget request for a 22 percent reduction in watershed planning funds were agreed to, you would slow down work in progress on some plans and discontinue some low-priority plans during fiscal year 1991. Can you identify for us those plans which you consider to be low-priority and which would be discontinued?

Mr. **Scaling**. We consider single purpose watershed protection plans to be low-priority because other ongoing programs can, at least partially, address on-farm conservation needs. Twenty-one of the 93 projects being planned are in this category. I will provide a list of these projects for the record.

[The information follows:]

Watershed Planning Single-Purpose Watershed Protection Projects

STATE AND WATERSHED NAME

Alabama: Little Catoma Creek.
Alabama: Memphis-Noxubee Watershed.
Arizona: New Magma Watershed.
California: Leland Freeborn Salinity Management.
California: South Fork Kings River.
Georgia: North Lanier Watershed.
Georgia: Piscola Creek.
Georgia: Turkey Creek.
Kentucky: Buck Creek.
Kentucky: Cane Valley Watershed.
Minnesota: Upper North Branch of Root River.
New Jersey: Crosswicks-Blacks Creek.
New Mexico: Largo-Agua Fria Watershed.
New York: Canadaigua Lake.
North Carolina: Big and Double Creeks.
North Dakota: Shell Lake.
South Carolina: South Edisto.
Virginia: Sandy Creek.
Virginia: Three Creek.
Washington: North Whitstran Watershed
Washington: Pataha Creek.

TERMINATED PLANS

Mr. **Whitten**. We see that in fiscal year 1989, 487 projects were terminated. Please give us some details on the majority of reasons for terminating these plans.

Mr. **Scaling**. Planning has been terminated on a total of 487 projects since the inception of the program. The primary reason for terminations was that the projects could not be economically justified. In other cases sponsors judged proposed measures to be beyond the scope of their means.

WATERSHED PLANNING

Mr. **Whitten**. On page 11g-21 of the explanatory notes you provide a table showing the planning funds obligated and staff years used in 1989 by state. You have stated that state legislatures and other local organized units in states have provided $9,886,000 to finance watershed planning activities. Would you please provide a table showing the amount each state has contributed?

Mr. **Scaling**. We will be happy to provide that for the record.

[The information follows:]

State and local government contributions to watershed planning

State:	Amount
Alabama	$5,740
Arizona	150,000
Arkansas	25,000
California	55,000
Colorado	11,600
Connecticut	123,000
Delaware	250,000
Georgia	10,000
Illinois	91,550
Indiana	2,000
Maine	2,500
Massachusetts	15,000
Michigan	20,000
Minnesota	5,067,374
Mississippi	4,200
Montana	63,500
Nebraska	1,136,931
Nevada	20,000
New Mexico	5,000
New York	800,000
North Carolina	343,263
North Dakota	5,000
Oklahoma	100,885
Oregon	129,700
Puerto Rico	800
South Carolina	75,500
South Dakota	200
Texas	49,345
Utah	12,000
Virginia	5,000
Washington	675,681
Wisconsin	86,353
Wyoming	3,500
Total	9,885,622

Mr. WHITTEN. Again this year you propose major legislative changes to the watershed and flood prevention operations activities. If your proposed legislative changes were to be implemented during fiscal year 1991, of the total approved P.L. 566 projects, how many would have to be reduced in scope or completely terminated as a result of your proposals? Please provide us a list of all these projects.

Mr. SCALING. We do not believe the legislative changes will affect plans already approved for operations. The impact of this change will be felt several years down the road by those projects in planning. Although we have not completely assessed the impacts, it appears that 38 projects of the 93 in planning could be affected by requiring an increase in local cost share for flood prevention. I will provide a list of these projects for the record.

[The information follows:]

PROJECTS IN PLANNING WITH FLOOD PREVENTION AS PRIMARY PURPOSE

STATE AND WATERSHED NAME

CA9112: McCoy Wash.
CA9113: Orange Cove.
CA9075: Upper Penitencia Creek.
CO9017: Red Wash.

CT9006: Harbor Brook.
CT9001: Yantic River.
HI9009: Kagman Watershed.
HI9005: Lahaina.
IL9006: Upper Crab Orchard Creek.
IN9022: Honey Creek.
KS9019: Pony Creek (Nebraska).
KY9011: South Fork Little River.
LA9015: Mill Haven.
MN9038: Lazarus Creek.
MS9023: Long Beach.
MO9065: Crooked and Otter Creek.
MO9054: East Yellow Creek.
MO9064: Middle Fork of Salt River.
MO9067: Moniteau Creek.
MT9031: Thirtymile Creek.
NJ9004: Lower Pequest Flood Protection.
NY9019: Beaver Brook.
NY9013: Cayadutta Creek.
NY9018: Oriskany Creek.
NY9015: Virgil Creek.
ND9016: Belfield.
OH9017: Upper Blanchard River.
OK9002: Brazil Creek.
OK9030: Little Beaver Creek.
OK9028: Sans Bois Creek.
OK9051: Wild Horse Creek.
OR9017: Deadman-Bullard.
OR9018: Fletcher Gulch.
PB9001: Talofofo Village.
TX9049: Hudspeth County Cons and Reclamation.
VA: Lick Creek.
WV9024: Lower Mud River.
WY9012: Allison Draw.
Total 38 projects in planning.

NEW CONSTRUCTION STARTS IN FISCAL YEAR 1989

Mr. Whitten. Last year, Mr. Scaling, you indicated that the Soil Conservation Service would probably start 12 new small watershed construction starts during fiscal year 1989. Please provide us a list for the record of those new starts.

Mr. Scaling. In fiscal year 1989, we had one new construction start on structural work in Soap Creek, Iowa. We also started work on 12 watershed protection projects which do not require a new construction start. We will provide a list for the record.

[The information follows:]

1989 Construction Starts

STATE AND WATERSHED NAME

Alabama: Pates Creek.
Arizona: Eloy Watershed.
California: Upper Stony Creek.
Georgia: Upper Fifteen-Mile.
Iowa: Mill Creek.
Maine: Kenduskeag Stream.
North Carolina: Sandy Run Creek.
Oregon: Upper Stage Gulch.
Puerto Rico: Toa Vaca Lake.
South Carolina: Pickens-Anderson.
Tennessee: Sulphur Fork Creek.
Virginia: Pamunkey River.

FLOOD PREVENTION

Mr. WHITTEN. Mr. Scaling, please provide us with an update of the 11 watershed projects authorized by P.L. 87-534. Describe each project, its expected benefits, and the cost to complete.

Mr. SCALING. The Coosa River project in Georgia and the Buffalo Creek project in New York have been completed. The Los Angeles River and Santa Ynez projects in California; Little Sioux River Project in Iowa; Little Tallahatchie River and Yazoo River projects in Mississippi; the Washita River in Oklahoma and Texas; the Middle Colorado River and Trinity River projects in Texas; and the Potomac River project in Maryland, Virginia, and West Virginia continue to be installed. We will be happy to provide an update for the record.

[The information follows:]

Buffalo Creek Watershed, New York

The Buffalo Creek project was authorized for operations December 22, 1944, and completed in June 1964; it was the first of 11 authorized flood prevention projects to be completed. This project covers Erie and Wyoming Counties, including 13,440 acres within the city of Buffalo, and was sponsored by the Erie County and the Wyoming County Soil Conservation Districts.

Ninety-five percent is private land and 5 percent public forest. Forty-four percent is cropland, 20 percent woodland, 19 percent pasture, and 10 percent idle land. The rest is in urban areas, roads, or other uses.

The principal objective was to reduce sedimentation where the Buffalo River runs into Buffalo Harbor by controlling erosion on streambanks and farmland. Land-treatment measures included conservation cropping systems, hay planting, stripcropping, and farm ponds. More than 59 miles of actively eroding streambanks were stabilized by rock riprap and vegetation.

The Forest Service, in cooperation with the New York State Conservation Department, completed 35 forest-management plans. These plans included planting trees, marking a large wooded area for timber-stand improvement or harvest, and controlling erosion on logging roads.

The federal cost was $5,318,690.

Coosa River Watershed, Georgia

The Coosa River project was completed in 1981. This project, which was begun in 1946, has 16 subwatersheds and more than 130,000 acres in national forest.

The Atlanta, Coosa RIver, LImestone Valley, and Upper Chattahoochee RIver SOil and Water Conservation Districts and the Georgia State Highway Department sponsor this project.

The principal objective is to reduce erosion and flood and sediment damage to farmland and county roads.

The federal cost was $18,241,160.

Los Angeles River Watershed, California

The Los Angeles River flood-prevention project in California has 13 subwatersheds. Seventy-three percent of the area is private land, and the rest is part of the Angeles National Forest.

The Los Angeles County Flood Control District sponsors this project. Local cooperating agencies obtain all rights-of-way, arrange for and bear the entire cost of relocating utilities and replacing existing improvements. They operate and maintain the completed flood-control measures. The federal government meets costs of all works on federal land.

Because of rapid urban development in the area, land-treatment measures have consisted mainly of installing street-drainage systems and storm drains. These have been planned and constructed entirely by local agencies.

In this watershed, erosion is particularly severe when high-intensity or long-duration rainstorms follow brush fires. Because of increased urban expansion and development, fire-prevention practices are essential.

Structural measures include improving storm-channels, protecting streambanks, stabilizing grades, and constructing debris basins, outlets, inlets, and other appurtenances.

Channel-improvement measures that have been installed are highly effective. Storm runoff is adequately controlled, and water that previously overran natural channels is now carried harmlessly to impoundments and to the Los Angeles River.

The Soil Conservation Service has completed all structural and land treatment work in the project. Forest Service fire protection is continuing.

The cumulative Soil Conservation Service obligations are $4,925,440 and the Forest Service obligations are $50,153,527. The remaining fire protection work by the Forest Service is continuing with a remaining planned cost of $24,289,000.

Santa Ynez Watershed, California

This project is sponsored by the Lompoc Soil Conservation District and Santa Barbara County. About 85 percent of the area is privately owned. Flooding was a major problem in the Santa Ynez River area. Floodwater generally damaged houses, highways, railroads and farmland.

Land-treatment measures are aimed mainly at preventing erosion and improving soil fertility on farmland and rangeland. They include terraces, drop spillways, cover crops and farm ponds.

The final structural contract in the Santa Ynez assisted by SCS was awarded in FY 1986. All SCS assisted work, including technical assistance, will be completed by the of FY 1990, except for technical assistance in support of the Forest Service work. The Forest Service work is projected to continue past the year 2000.

The remaining cost of the planned SCS work is $200,000. The remaining cost of the planned Forest Service work is $10,456,000.

Little Sioux River, Iowa

Eight soil conservation districts sponsor this project involving 13 counties and 1,740,800 acres. Soil erosion is the major problem. Gully erosion has affected the economy of many farms on both the uplands and the bottom lands along the Missouri River. The federal government assists farmers in planning land-treatment measures to minimize runoff and erosion and in installing structural measures where most needed.

There are 42 subwatersheds and one land-treatment plan remaining that require further action. Eighteen of the 42 subwatersheds were in operations and 24 were being planned on October 1, 1989. Level terraces are the primary land-treatment measure applied. Grade stabilization structures are the primary structural measures being used. An estimated 209 structures remain to be built.

The remaining federal cost of planned work is $88,474,642.

Little Tallahatchie River Watershed, Mississippi

This watershed is in north-central Mississippi, involving 8 counties and 963,977 acres. About 80 percent is private land and 10 percent is national forest. The rest is covered by the Sardis Reservoir, a unit of a comprehensive plan for flood control on the Yazoo River.

The principal objective is to reduce flood and sediment damage to farmland. All planning is complete. Cost-shared land treatment is installed using long-term contracts. Structural measures consist of detention and grade stabilization structures, multiple-purpose channels, and bank stabilization on existing channels. All work in the Little Tallahatchie in scheduled for completion by the year 2010.

The remaining federal planned cost is $122,376,317.

Yazoo River Watershed, Mississippi

The Yazoo River project is sponsored by 16 soil conservation districts and other local organizations. The principal objective is to reduce flood and sediment damage to farmland. The Yazoo has 34 subwatersheds that require planning. Cost shared land treatment is installed using long term contracts. Critical areas are treated as structural measures. Structural measures consist of detention and grade stabilization structures, multiple purpose channels, and bank stabilization on existing channels previously constructed.

The remaining planned federal cost is $335,224,513.

Washita River, Oklahoma and Texas

Ninety-four percent of the Washita River project is in Oklahoma and 6 percent in Texas. The problems along the 64 tributaries include controlling erosion on the uplands and reducing flood damage. Land treatment has played a significant part in the reduction of sediment problems that existed in the Washita River. Currently, land treatment is limited to critical area treatment. Two subwatersheds are still in planning in Oklahoma. Local sponsors can meet their obligations so that the Washita could be complete by the end of fiscal year 1992. Past funding levels will require the project to continue until fiscal year 1998.

The remaining federal planned cost is $39,917,598 in Oklahoma and $20,000 in Texas.

Middle Colorado River, Texas

The Middle Colorado River project covers about 4,613,000 acres in the middle of the watershed of the Colorado River in Texas. The principal problem is reducing flood and sediment damage to farmland. All planning is complete on the Middle Colorado River project.

The remaining federal planned work is $15,383,379.

Trinity River Watershed, Texas

This project is located in 28 counties covering 8,424,260 acres. The principal objective is to reduce flood and sediment damage to farmland. There are three subwatersheds in the planning stage. Land treatment is limited to critical area treatment as structural measures in Texas.

Potomac River Watershed, Maryland, Pennsylvania, Virginia, and West Virginia

The Potomac River project covers parts of Virginia, West Virginia, Maryland, and Pennsylvania. Subwatershed planning has been confined mainly to the tributaries of the upper Potomac River in Virginia and West Virginia. The principal problem is reducing flood and sediment damage to farmland and flood damage to towns, highways, and bridges.

Four subwatersheds are being planned in Virginia. Three of these projects will be watershed protection only. The remaining plan is a combination of watershed protection and structural works of improvement. Eleven decision units are currently planned that will be constructed.

Planning remains to be done on two subwatersheds in West Virginia. Eighteen construction units remain that will be built.

The remaining federal planned cost is $44,937,000.

FLOOD PREVENTION SUBWATERSHEDS

Mr. WHITTEN. How many sub-watershed plans are currently under construction for P.L. 534? Please list.

Mr. SCALING. There are 429 subwatershed projects in the Flood Prevention Program. We will be happy to provide a list for the record.

[The information follows:]

LIST OF SUBWATERSHEDS IN FLOOD PREVENTION PROGRAM

STATE	PROJECT	SUBWATERSHED NAME
CALIFORNIA	4501	LOS ANGELES - ALISO CREEK
CALIFORNIA	4501	LOS ANGELES - ARROYO CALABASAS CREEK
CALIFORNIA	4501	LOS ANGELES - BELL CREEK
CALIFORNIA	4501	LOS ANGELES - BROWNS CREEK
CALIFORNIA	4501	LOS ANGELES - BULL CREEK
CALIFORNIA	4501	LOS ANGELES - LIMEKILN CREEK
CALIFORNIA	4501	LOS ANGELES - LOWER E. CANYON
CALIFORNIA	4501	LOS ANGELES - SANTA SUSANA CREEK
CALIFORNIA	4501	LOS ANGELES - UPPER E. CANYON
CALIFORNIA	4501	LOS ANGELES - WILBUR CREEK
CALIFORNIA	4502	SANTA YNEZ - CEMETARY CANYON
CALIFORNIA	4502	SANTA YNEZ - HOAG-SANTA RITA
CALIFORNIA	4502	SANTA YNEZ - PURISIMA-CEBADA
CALIFORNIA	4502	SANTA YNEZ - RODEO-SAN PASQUAL
CALIFORNIA	4502	SANTA YNEZ - SAN MIGUELITO
GEORGIA	1001	COOSA - ALLATOONA CREEK
GEORGIA	1001	COOSA - AMICALOLA CREEK
GEORGIA	1001	COOSA - CARTECAY RIVER
GEORGIA	1001	COOSA - ELLIJAY RIVER
GEORGIA	1001	COOSA - ETOWAH RIVER REACH
GEORGIA	1001	COOSA - LITTLE RIVER
GEORGIA	1001	COOSA - LONG SWAMP CREEK
GEORGIA	1001	COOSA - MILL-CANTON CREEKS
GEORGIA	1001	COOSA - MOUNTAINTOWN CREEK
GEORGIA	1001	COOSA - NOONDAY CREEK
GEORGIA	1001	COOSA - PUMPKINVILLE CREEK
GEORGIA	1001	COOSA - RACCOON CREEK
GEORGIA	1001	COOSA - SETTINGTOWN CREEK
GEORGIA	1001	COOSA - SHARP MOUNTAIN CREEK
GEORGIA	1001	COOSA - STAMP-SHOAL CREEKS
GEORGIA	1001	COOSA - TALKING ROCK CREEK
IOWA	7601	LTL SIOUX - ANTHON
IOWA	7601	LTL SIOUX - ARCOLA
IOWA	7601	LTL SIOUX - ARLINGTON
IOWA	7601	LTL SIOUX - ARNOLD-ARMSTRONG
IOWA	7601	LTL SIOUX - ARROWHEAD
IOWA	7601	LTL SIOUX - BADGER CREEK
IOWA	7601	LTL SIOUX - BAKER
IOWA	7601	LTL SIOUX - BARBER HOLLOW
IOWA	7601	LTL SIOUX - BIG COON
IOWA	7601	LTL SIOUX - BIG WHISKEY
IOWA	7601	LTL SIOUX - BIG WHISKEY NO. 1
IOWA	7601	LTL SIOUX - BITTER CREEK
IOWA	7601	LTL SIOUX - BLACK SLOUGH
IOWA	7601	LTL SIOUX - BRUENE-SPAHN
IOWA	7601	LTL SIOUX - CAMP CREEK
IOWA	7601	LTL SIOUX - CLARK
IOWA	7601	LTL SIOUX - CLIMBING HILL
IOWA	7601	LTL SIOUX - COLLEGE CORNER
IOWA	7601	LTL SIOUX - COTTONWOOD-GREEN VALLEY
IOWA	7601	LTL SIOUX - CORD
IOWA	7601	LTL SIOUX - CORWIN-LOGAN

LIST OF SUBWATERSHEDS IN FLOOD PREVENTION PROGRAM

STATE	PROJECT	SUBWATERSHED NAME
IOWA	7601	LTL SIOUX - CRAWFORD CK.
IOWA	7601	LTL SIOUX - CROY
IOWA	7601	LTL SIOUX - DAVIS
IOWA	7601	LTL SIOUX - DEER AND RATHBORN
IOWA	7601	LTL SIOUX - DICKMAN
IOWA	7601	LTL SIOUX - DUTCH
IOWA	7601	LTL SIOUX - DUTCH HOLLOW
IOWA	7601	LTL SIOUX - EAST ALDRICH CK.
IOWA	7601	LTL SIOUX - EAST MAPLETON
IOWA	7601	LTL SIOUX - EAST WATERMAN CK.
IOWA	7601	LTL SIOUX - ELK CREEK
IOWA	7601	LTL SIOUX - ELKHORN NO. 1
IOWA	7601	LTL SIOUX - ELKHORN NO. 2
IOWA	7601	LTL SIOUX - ELLIOTT
IOWA	7601	LTL SIOUX - FEE
IOWA	7601	LTL SIOUX - GALLUP
IOWA	7601	LTL SIOUX - GALVA-SHALLER
IOWA	7601	LTL SIOUX - GARFIELD
IOWA	7601	LTL SIOUX - GARTON
IOWA	7601	LTL SIOUX - GLEN ELLEN
IOWA	7601	LTL SIOUX - GOTHIER #2
IOWA	7601	LTL SIOUX - GRAND MEADOW
IOWA	7601	LTL SIOUX - HABINCK
IOWA	7601	LTL SIOUX - HEISLER CREEK
IOWA	7601	LTL SIOUX - HOGUE
IOWA	7601	LTL SIOUX - HUFF
IOWA	7601	LTL SIOUX - INNES-JALAS
IOWA	7601	LTL SIOUX - JETT
IOWA	7601	LTL SIOUX - KIRKHOLM
IOWA	7601	LTL SIOUX - LAST CHANCE
IOWA	7601	LTL SIOUX - LAWSON
IOWA	7601	LTL SIOUX - LEECH HOLLOW
IOWA	7601	LTL SIOUX - LITTLE BEAVER
IOWA	7601	LTL SIOUX - LITTLE EGYPT
IOWA	7601	LTL SIOUX - LITTLE WHISKEY
IOWA	7601	LTL SIOUX - LOWER BEAVER
IOWA	7601	LTL SIOUX - LUM HOLLOW
IOWA	7601	LTL SIOUX - MAPLE
IOWA	7601	LTL SIOUX - MARTIN
IOWA	7601	LTL SIOUX - MASTERS
IOWA	7601	LTL SIOUX - MC CALL
IOWA	7601	LTL SIOUX - MC DONALD
IOWA	7601	LTL SIOUX - MC ELHANEY
IOWA	7601	LTL SIOUX - MC LARTY-EDWARDS
IOWA	7601	LTL SIOUX - MC MASTER
IOWA	7601	LTL SIOUX - MIKE MIKKELSON
IOWA	7601	LTL SIOUX - MILLER
IOWA	7601	LTL SIOUX - MILLER CREEK
IOWA	7601	LTL SIOUX - MOORE
IOWA	7601	LTL SIOUX - MOORHEAD
IOWA	7601	LTL SIOUX - MORTENSEN
IOWA	7601	LTL SIOUX - MOVILLE

LIST OF SUBWATERSHEDS IN FLOOD PREVENTION PROGRAM

STATE	PROJECT	SUBWATERSHED NAME
IOWA	7601	LTL SIOUX - MUCKEY CREEK
IOWA	7601	LTL SIOUX - MUD CREEK
IOWA	7601	LTL SIOUX - NEPPER
IOWA	7601	LTL SIOUX - NEUSTROM
IOWA	7601	LTL SIOUX - NUTT HOLLOW
IOWA	7601	LTL SIOUX - ODEBOLT
IOWA	7601	LTL SIOUX - PARNELL
IOWA	7601	LTL SIOUX - PERION
IOWA	7601	LTL SIOUX - PHILLIPS
IOWA	7601	LTL SIOUX - PIERSON
IOWA	7601	LTL SIOUX - PILOT ROCK
IOWA	7601	LTL SIOUX - PLEASANT VALLEY
IOWA	7601	LTL SIOUX - QUAD VALLEY
IOWA	7601	LTL SIOUX - RALSTON
IOWA	7601	LTL SIOUX - REED
IOWA	7601	LTL SIOUX - REYNOLDS
IOWA	7601	LTL SIOUX - ROBESON
IOWA	7601	LTL SIOUX - ROCK
IOWA	7601	LTL SIOUX - RODNEY
IOWA	7601	LTL SIOUX - SIMONSEN
IOWA	7601	LTL SIOUX - SMOKEY HOLLOW
IOWA	7601	LTL SIOUX - SOUTH GARFILED
IOWA	7601	LTL SIOUX - SUNRISE
IOWA	7601	LTL SIOUX - THEOBOLD
IOWA	7601	LTL SIOUX - TOM KING
IOWA	7601	LTL SIOUX - U-B
IOWA	7601	LTL SIOUX - UPPER BEAVER
IOWA	7601	LTL SIOUX - WALLING
IOWA	7601	LTL SIOUX - WASHBURN
IOWA	7601	LTL SIOUX - WATERMAN SPRING
IOWA	7601	LTL SIOUX - WEBER
IOWA	7601	LTL SIOUX - WEBER CREEK
IOWA	7601	LTL SIOUX - WENGER
IOWA	7601	LTL SIOUX - WEST ALDRICH
IOWA	7601	LTL SIOUX - WEST BEAVER
IOWA	7601	LTL SIOUX - WEST FORK #1
IOWA	7601	LTL SIOUX - WEST FORK #3
IOWA	7601	LTL SIOUX - WEST FORK OF BATTLE
IOWA	7601	LTL SIOUX - WEST MAPLETON
IOWA	7601	LTL SIOUX - WESTSIDE
IOWA	7601	LTL SIOUX - WEST WOLF
IOWA	7601	LTL SIOUX - WILLOW CREEK
IOWA	7601	LTL SIOUX - WILLOW ROCK
IOWA	7601	LTL SIOUX - WINDY HILL
IOWA	7601	LTL SIOUX - WOLF CREEK
IOWA	7601	LTL SIOUX - WOLF CREEK, PIERO SITE
IOWA	7601	LTL SIOUX - WOODWARD GLEN
IOWA	7601	LTL SIOUX - WOODS HOLLOW
IOWA	7601	LTL SIOUX - ZELLMER
MARYLAND	0701	POTOMAC - EVITTS CREEK
MARYLAND	0701	POTOMAC - DIRECT POTOMAC DRAINAGE
MARYLAND	0701	POTOMAC - FIFTEEN MILE CREEK

LIST OF SUBWATERSHEDS IN FLOOD PREVENTION PROGRAM

STATE	PROJECT	SUBWATERSHED NAME
MARYLAND	0701	POTOMAC - GEORGES CREEK
MARYLAND	0701	POTOMAC - NORTH BRANCH
MARYLAND	0701	POTOMAC - SAVAGE RIVER
MARYLAND	0701	POTOMAC - SIDELING HILL CREEK
MARYLAND	0701	POTOMAC - TOWN CREEK
MARYLAND	0701	POTOMAC - WILLS CREEK
MISSISSIPPI	3301	LTL TALLA - CANE CREEK
MISSISSIPPI	3301	LTL TALLA -CYPRESS & PUSS CUSS
MISSISSIPPI	3301	LTL TALLA - DUNCAN-CANE CREEKS
MISSISSIPPI	3301	LTL TALLA - GREASY CREEK
MISSISSIPPI	3301	LTL TALLA - HELL CREEK
MISSISSIPPI	3301	LTL TALLA - LTL SPRING-OCHEWALLA CREEKS
MISSISSIPPI	3301	LTL TALLA - LOCKS CREEK
MISSISSIPPI	3301	LTL TALLA - LOWER TIPPAH RIVER
MISSISSIPPI	3301	LTL TALLA - MILL CREEK
MISSISSIPPI	3301	LTL TALLA - MUD CREEK
MISSISSIPPI	3301	LTL TALLA - NELSON CREEK
MISSISSIPPI	3301	LTL TALLA - NORTH TIPPAH CREEK
MISSISSIPPI	3301	LTL TALLA - OAKLIMETER CREEK
MISSISSIPPI	3301	LTL TALLA - OKONATIE CREEK
MISSISSIPPI	3301	LTL TALLA - UPPER TIPPAH RIVER
MISSISSIPPI	3302	YAZOO - ABIACA CREEK
MISSISSIPPI	3302	YAZOO - ARKABUTLA CREEK
MISSISSIPPI	3302	YAZOO - ASKALMORE CREEK
MISSISSIPPI	3302	YAZOO - BATUPAN BOGUE
MISSISSIPPI	3302	YAZOO - BEAR CREEK
MISSISSIPPI	3302	YAZOO - BELZONI
MISSISSIPPI	3302	YAZOO - BIG SAND CREEK
MISSISSIPPI	3302	YAZOO - BLACK CREEK
MISSISSIPPI	3302	YAZOO - BLACK CREEK (DELTA)
MISSISSIPPI	3302	YAZOO - BOLIVAR CREEK
MISSISSIPPI	3302	YAZOO - BROAD SLOUGH
MISSISSIPPI	3302	YAZOO - BRUNSWICK LEVEE
MISSISSIPPI	3302	YAZOO - BUNTYN CREEK
MISSISSIPPI	3302	YAZOO - BYNUM CREEK
MISSISSIPPI	3302	YAZOO - BURNEY BRANCH
MISSISSIPPI	3302	YAZOO - CANE-MUSSACUNA CKS.
MISSISSIPPI	3302	YAZOO - COLDWATER RIVER
MISSISSIPPI	3302	YAZOO - CRENSHAW
MISSISSIPPI	3302	YAZOO - CYPRESS CREEK
MISSISSIPPI	3302	YAZOO - DAVIS SPLINTER CREEK
MISSISSIPPI	3302	YAZOO - EDEN CREEK
MISSISSIPPI	3302	YAZOO - FIGHTING BAYOU
MISSISSIPPI	3302	YAZOO - GUM POND
MISSISSIPPI	3302	YAZOO - HAMPTON LAKE
MISSISSIPPI	3302	YAZOO - HICKAHALA CREEK
MISSISSIPPI	3302	YAZOO - HOFFA CREEK
MISSISSIPPI	3302	YAZOO - HORSE PEN CREEK
MISSISSIPPI	3302	YAZOO - HOTOPHIA CREEK
MISSISSIPPI	3302	YAZOO - HUBBARD-MURPHREE CREEKS
MISSISSIPPI	3302	YAZOO - HURRICANE CREEK
MISSISSIPPI	3302	YAZOO - HUSHPUCKENA CREEK

LIST OF SUBWATERSHEDS IN FLOOD PREVENTION PROGRAM

STATE	PROJECT	SUBWATERSHED NAME
MISSISSIPPI	3302	YAZOO - INDIAN CREEK-BOBO BAYOU
MISSISSIPPI	3302	YAZOO - INDIAN CREEK
MISSISSIPPI	3302	YAZOO - JOHNSON AND FAIR CKS
MISSISSIPPI	3302	YAZOO - JONES BAYOU
MISSISSIPPI	3302	YAZOO - LAKE CORMORANT
MISSISSIPPI	3302	YAZOO - LAKE HENRY
MISSISSIPPI	3302	YAZOO - LEFLORE
MISSISSIPPI	3302	YAZOO - LITTLE MOUND BAYOU
MISSISSIPPI	3302	YAZOO - LONG CREEK
MISSISSIPPI	3302	YAZOO - LONG LAKE
MISSISSIPPI	3302	YAZOO - LOWER TIPPO BAYOU
MISSISSIPPI	3302	YAZOO - MC IVOR CREEK
MISSISSIPPI	3302	YAZOO - MOON LAKE-PHILLIPS BAYOU
MISSISSIPPI	3302	YAZOO - MURPHY BAYOU
MISSISSIPPI	3302	YAZOO - MURRAY CREEK
MISSISSIPPI	3302	YAZOO - NEW AFRICA
MISSISSIPPI	3302	YAZOO - NEW PORTERS BAYOU
MISSISSIPPI	3302	YAZOO - NORTH TILLATOHA-HUNTER
MISSISSIPPI	3302	YAZOO - NORTH YALOBUSHA RIVER
MISSISSIPPI	3302	YAZOO - OLDHAM LAKE
MISSISSIPPI	3302	YAZOO - OPOSSUM BAYOU
MISSISSIPPI	3302	YAZOO - OTOUCALOFA CREEK
MISSISSIPPI	3302	YAZOO - PELUCIA CREEK
MISSISSIPPI	3302	YAZOO - PERRY CREEK
MISSISSIPPI	3302	YAZOO - PERSIMMON CREEK I
MISSISSIPPI	3302	YAZOO - PERSIMMON CREEK II
MISSISSIPPI	3302	YAZOO - PIGEON ROOST CREEK
MISSISSIPPI	3302	YAZOO - PINEY CREEK
MISSISSIPPI	3302	YAZOO - POTACOCAWA CREEK
MISSISSIPPI	3302	YAZOO - PUMPKIN CREEK
MISSISSIPPI	3302	YAZOO - RIVERDALE CREEK
MISSISSIPPI	3302	YAZOO - RIVERSIDE BLACK BAYOU
MISSISSIPPI	3302	YAZOO - SABOUGLA CREEK
MISSISSIPPI	3302	YAZOO - SENATOBIA CREEK
MISSISSIPPI	3302	YAZOO - SEVIER LAKE-FISH BAYOU
MISSISSIPPI	3302	YAZOO - SHAW
MISSISSIPPI	3302	YAZOO - SHORT FORK CREEK
MISSISSIPPI	3302	YAZOO - SKUNA RIVER
MISSISSIPPI	3302	YAZOO - SKUNA RV. TRIBUTARIES
MISSISSIPPI	3302	YAZOO - SLEDGE BAYOU
MISSISSIPPI	3302	YAZOO - SOUTH YALOBUSHA (SKELTON)
MISSISSIPPI	3302	YAZOO - SOUTHWEST DELTA SUNFLOWER
MISSISSIPPI	3302	YAZOO - STRAYHORN CREEK
MISSISSIPPI	3302	YAZOO - SUNFLOWER
MISSISSIPPI	3302	YAZOO - TALLAHATCHIE RIVER BOTTOM
MISSISSIPPI	3302	YAZOO - TILLATOBA CREEK
MISSISSIPPI	3302	YAZOO - TOPASHAW
MISSISSIPPI	3302	YAZOO - TURKEY CREEK
MISSISSIPPI	3302	YAZOO - TURN BAYOU
MISSISSIPPI	3302	YAZOO - UPPER SKUNA RIVER
MISSISSIPPI	3302	YAZOO - UPPER YOCONA RIVER
MISSISSIPPI	3302	YAZOO - WHITE OAK-ARK BAYOU

LIST OF SUBWATERSHEDS IN FLOOD PREVENTION PROGRAM

STATE	PROJECT	SUBWATERSHED NAME
MISSISSIPPI	3302	YAZOO - WILLIS CREEK
MISSISSIPPI	3302	YAZOO - WILL NEILL
MISSISSIPPI	3302	YAZOO - YALOBUSHA RIVER
NEW YORK	1901	BUFFALO - BUFFALO
NEW YORK	1901	BUFFALO - CAYUGA
NEW YORK	1901	BUFFALO - CAZENOVIA
OKLAHOMA	3101	WASHITA- BARNITZ CREEK
OKLAHOMA	3101	WASHITA- BEAR CREEK
OKLAHOMA	3101	WASHITA- BEAVER CREEK
OKLAHOMA	3101	WASHITA- BEAVER DAM CREEK
OKLAHOMA	3101	WASHITA- BIG CANYON LATERALS
OKLAHOMA	3101	WASHITA- BIG KIOWA CREEK
OKLAHOMA	3101	WASHITA- BIG SANDY CREEK
OKLAHOMA	3101	WASHITA- BITTER CREEK
OKLAHOMA	3101	WASHITA- BOGGY CREEK
OKLAHOMA	3101	WASHITA- BROKEN LEG CREEK
OKLAHOMA	3101	WASHITA- BUTLER LATERALS
OKLAHOMA	3101	WASHITA- CADDO CREEK
OKLAHOMA	3101	WASHITA- CAVALRY CREEK
OKLAHOMA	3101	WASHITA- CHEROKEE SANDY
OKLAHOMA	3101	WASHITA- CHIGLEY SANDY CREEK
OKLAHOMA	3101	WASHITA- COBB CREEK (FAST RUNNER)
OKLAHOMA	3101	WASHITA- COLBERT CREEK
OKLAHOMA	3101	WASHITA- COWDEN LATERALS
OKLAHOMA	3101	WASHITA- CRINER CK.-BEAR HYBARGER
OKLAHOMA	3101	WASHITA- DEAD INDIAN-WILDHORSE CREEK
OKLAHOMA	3101	WASHITA- DELAWARE CREEK
OKLAHOMA	3101	WASHITA- E. LATERALS TO LAKE TEXOMA
OKLAHOMA	3101	WASHITA- FINN CREEK
OKLAHOMA	3101	WASHITA- FORT COBB LATERALS
OKLAHOMA	3101	WASHITA- GLASSES CREEK
OKLAHOMA	3101	WASHITA- GYP CREEK
OKLAHOMA	3101	WASHITA- IONINE CREEK
OKLAHOMA	3101	WASHITA- KICKAPOO SANDY
OKLAHOMA	3101	WASHITA- LINE CREEK
OKLAHOMA	3101	WASHITA- LITTLE WASHITA
OKLAHOMA	3101	WASHITA- MANSVILLE LATERALS
OKLAHOMA	3101	WASHITA- MAYSVILLE LATERALS
OKLAHOMA	3101	WASHITA- MILL CREEK
OKLAHOMA	3101	WASHITA- NINE MILE CREEK
OKLAHOMA	3101	WASHITA- OAK CREEK
OKLAHOMA	3101	WASHITA- OIL CREEK
OKLAHOMA	3101	WASHITA- OWL CREEK
OKLAHOMA	3101	WASHITA- PANTHER CREEK
OKLAHOMA	3101	WASHITA- PEAVINE CREEK
OKLAHOMA	3101	WASHITA- PENNINGTON CREEK
OKLAHOMA	3101	WASHITA- QUARTERMASTER CREEK
OKLAHOMA	3101	WASHITA- RAINY MOUNTAIN CREEK
OKLAHOMA	3101	WASHITA- ROARING CREEK
OKLAHOMA	3101	WASHITA- ROCK CREEK
OKLAHOMA	3101	WASHITA- ROUND CREEK
OKLAHOMA	3101	WASHITA- RUSH CREEK

LIST OF SUBWATERSHEDS IN FLOOD PREVENTION PROGRAM

STATE	PROJECT	SUBWATERSHED NAME
OKLAHOMA	3101	WASHITA- SADDLE MOUNTAIN CREEK
OKLAHOMA	3101	WASHITA- SALT CREEK
OKLAHOMA	3101	WASHITA- SANDSTONE CREEK
OKLAHOMA	3101	WASHITA- SERGEANT MAJOR CREEK
OKLAHOMA	3101	WASHITA- SOLDIER CREEK
OKLAHOMA	3101	WASHITA- SOUTH CLINTON LATERALS
OKLAHOMA	3101	WASHITA- SPRING CREEK
OKLAHOMA	3101	WASHITA- SUGAR CREEK
OKLAHOMA	3101	WASHITA- TONKAWA CK-DELAWARE CKS
OKLAHOMA	3101	WASHITA- TURKEY CK
OKLAHOMA	3101	WASHITA- UPPER WASHITA
OKLAHOMA	3101	WASHITA- W LATERALS TO LAKE TEXOMA
OKLAHOMA	3101	WASHITA- WASHINGTON CK
OKLAHOMA	3101	WASHITA- WAYNE CK
OKLAHOMA	3101	WASHITA- WHITESHIELD CK
OKLAHOMA	3101	WASHITA- WILDHORSE CK (UP & LWR)
OKLAHOMA	3101	WASHITA- WINTER CK
TEXAS	3101	WASHITA - UPPER WASHITA RIVER
TEXAS	3601	MDL. COLORADO - BLANKET CREEK
TEXAS	3601	MDL. COLORADO - BRADY CREEK
TEXAS	3601	MDL. COLORADO - BROWN-MULLIN
TEXAS	3601	MDL. COLORADO - BROWNWOOD LATERALS
TEXAS	3601	MDL. COLORADO - CLEAR CREEK
TEXAS	3601	MDL. COLORADO - DEEP CREEK
TEXAS	3601	MDL. COLORADO - HOME CREEK
TEXAS	3601	MDL. COLORADO - JIM NED CREEK
TEXAS	3601	MDL. COLORADO - LOWER SAN SABA RIVER
TEXAS	3601	MDL. COLORADO - MUKEWATER CREEK
TEXAS	3601	MDL. COLORADO - MUSTANG CREEK
TEXAS	3601	MDL. COLORADO - NORTHEAST LATERALS
TEXAS	3601	MDL. COLORADO - NORTHWEST LATERALS
TEXAS	3601	MDL. COLORADO - SOUTHEAST LATERALS
TEXAS	3601	MDL. COLORADO - SOUTHWEST LATERALS
TEXAS	3601	MDL. COLORADO - TURKEY CREEK
TEXAS	3601	MDL. COLORADO - UPPER PECAN BAYOU
TEXAS	3601	MDL. COLORADO - UPPER SAN SABA RIVER
TEXAS	3501	TRINITY - BEAR CREEK
TEXAS	3501	TRINITY - BENTON CREEK
TEXAS	3501	TRINITY - BIG SANDY CREEK
TEXAS	3501	TRINITY - BOX CREEK
TEXAS	3501	TRINITY - CATFISH CREEK
TEXAS	3501	TRINITY - CEDAR CREEK
TEXAS	3501	TRINITY - CHAMBERS CREEK
TEXAS	3501	TRINITY - CLEAR CREEK
TEXAS	3501	TRINITY - CLEAR FORK TRINITY RV.
TEXAS	3501	TRINITY - DENTON CREEK
TEXAS	3501	TRINITY - DUCK & MESQUITE
TEXAS	3501	TRINITY - EAST DALLAS
TEXAS	3501	TRINITY - EAST FORK ABOVE LAVON
TEXAS	3501	TRINITY - E. LATERALS OF EAGLE MTN.
TEXAS	3501	TRINITY - E. LATERALS OF THE TRINITY
TEXAS	3501	TRINITY - ELM FORK

LIST OF SUBWATERSHEDS IN FLOOD PREVENTION PROGRAM

STATE	PROJECT	SUBWATERSHED NAME
TEXAS	3501	TRINITY - ELM FORK & E. LATERALS
TEXAS	3501	TRINITY - FIVE MILE CREEK
TEXAS	3501	TRINITY - FOSSIL CREEK
TEXAS	3501	TRINTIY - GRAYS CREEK
TEXAS	3501	TRINITY - HACKBERRY CREEK
TEXAS	3501	TRINITY - HICKORY CREEK
TEXAS	3501	TRINITY - ISLE DU BOIS CREEK
TEXAS	3501	TRINTIY - JOHNSON CREEK
TEXAS	3501	TRINITY - KEECHIE CREEK
TEXAS	3501	TRINITY - LAKE CREEK
TEXAS	3501	TRINITY - LITTLE ELM & LATERALS
TEXAS	3501	TRINITY - LOWER E. FORK LATERALS
TEXAS	3501	TRINITY - MANSON'S CREEK
TEXAS	3501	TRINITY - MARINE CREEK
TEXAS	3501	TRINITY - MARY'S CREEK
TEXAS	3501	TRINITY - MOUNTAIN CREEK
TEXAS	3501	TRINITY - NORTH CREEK
TEXAS	3501	TRINITY - NORTH TRINITY LATERALS
TEXAS	3501	TRINITY - PILOT GROVE
TEXAS	3501	TRINITY - RED OAK CREEK
TEXAS	3501	TRINITY - RICHLAND CREEK
TEXAS	3501	TRINITY - ROSSER TRINIDAD LATERALS
TEXAS	3501	TRINITY - ROWLETT CREEK
TEXAS	3501	TRINITY - RUSH CREEK
TEXAS	3501	TRINITY - SALT CREEK & LATERALS
TEXAS	3501	TRINITY - SISTER GROVE
TEXAS	3501	TRINITY - SYCAMORE CREEK
TEXAS	3501	TRINITY - TEHUACANA CREEK
TEXAS	3501	TRINITY - TEN MILE CREEK
TEXAS	3501	TRINITY - TOWN CREEK
TEXAS	3501	TRINITY - UPPER EAST FORK LATERALS
TEXAS	3501	TRINITY - VILLAGE CREEK
TEXAS	3501	TRINITY - VILLAGE & WALKER CREEKS
TEXAS	3501	TRINITY - WALNUT CREEK
TEXAS	3501	TRINITY - W. LATERALS OF EAGLE MTN.
TEXAS	3501	TRINITY - W. LATERALS OF THE TRINITY
TEXAS	3501	TRINITY - WEST FORK ABOVE BRIDGEPORT
TEXAS	3501	TRINITY - WHITE ROCK
VIRGINIA	0701	POTOMAC - DRY RUN
VIRGINIA	0701	POTOMAC - GAP RUN
VIRGINIA	0701	POTOMAC - HAWKSBILL CREEK-APPLICATION
VIRGINIA	0701	POTOMAC - LINVILLE CREEK
VIRGINIA	0701	POTOMAC - LOWER NORTH RIVER
VIRGINIA	0701	POTOMAC - MIDDLE RIVER
VIRGINIA	0701	POTOMAC - MILL CREEK
VIRGINIA	0701	POTOMAC - MOFFETT CREEK
VIRGINIA	0701	POTOMAC - NAKED CREEK
VIRGINIA	0701	POTOMAC - NORTH FORK SHENANDOAH
VIRGINIA	0701	POTOMAC - PASSAGE CREEK
VIRGINIA	0701	POTOMAC - SHOEMAKER
VIRGINIA	0701	POTOMAC - SOUTH RIVER
VIRGINIA	0701	POTOMAC - STONY CREEK

LIST OF SUBWATERSHEDS IN FLOOD PREVENTION PROGRAM

STATE	PROJECT	SUBWATERSHED NAME
VIRGINIA	0701	POTOMAC - TUMBLING RUN
VIRGINIA	0701	POTOMAC - UPPER NORTH RIVER
VIRGINIA	0701	POTOMAC - SOUTH FORK SHENANDOAH RIVER
WEST VIRGINIA	0701	POTOMAC - CACAPON RIVER
WEST VIRGINIA	0701	POTOMAC - LOST RIVER
WEST VIRGINIA	0701	POTOMAC - LUNICE CREEK
WEST VIRGINIA	0701	POTOMAC - NEW CREEK-WHITES RUN
WEST VIRGINIA	0701	POTOMAC - NO. & SO. MILL CREEK
WEST VIRGINIA	0701	POTOMAC - NORTH RIVER
WEST VIRGINIA	0701	POTOMAC - PATTERSON CREEK
WEST VIRGINIA	0701	POTOMAC - SO. BRANCH UPSTREAM OF U.TRACT
WEST VIRGINIA	0701	POTOMAC - SOUTH FORK RIVER
WEST VIRGINIA	0701	POTOMAC - WARM SPRINGS RUN

TOTAL 429 SUBWATERSHED PROJECTS

NEW CONSTRUCTION STARTS

Mr. **Whitten.** How many P.L. 566 projects do you estimate will be ready for construction in fiscal year 1990, and how many new starts do you expect?

Mr. **Scaling.** Additional contracts will be awarded on about 100 of the 366 projects begun in prior years. In addition, based on a recently completed survey from the states, sponsors have identified 9 new construction starts which will be ready in fiscal year 1990.

STATUS OF EMERGENCY WATERSHED PROTECTION PROGRAM

Mr. **Whitten.** We understand that within days after enactment of the fiscal year 1990 Appropriations Act all emergency watershed operations funds were exhausted. We are also aware that there is a significant backlog of unfunded requests still pending with the Department. Please provide us with a list of the backlog of requests, by state. Please distinguish these requests between exigency and nonexigency requests.

Mr. **Scaling.** As of this date, all of the $41,550,000 available for emergency watershed operations have been allocated to the states or committed. This includes $15,000,000 transferred from FEMA for the California earthquake and Hurricane Hugo disasters. A total of $31,520,000 of requests are currently unfunded including an estimated $13,000,000 in anticipated requests as a result of the February 10–18 rains in much of Mississippi, Georgia, Alabama, and Tennessee. A listing of the unfunded requests will be provided for the record.

[The information follows:]

EMERGENCY WATERSHED PROTECTION PROJECTS WAITING FUNDING
AS OF 3/1/90

STATE	DATE RECEIVED	CLASS a/ WORK	PROJECT NAME	TOTAL REQUEST
I. SPECIFIC UNFUNDED REQUESTS ON HAND				
Alabama	07-11-89	NE	Coffee, Cranshaw Cty.	$158,000
Alabama	09-06-89	NE	Coffee Cty, Hwy. 105	40,000
Alabama	09-25-89	NE	Bidd Cty.	22,000
Alabama	01-29-90	NE	Dale County	40,000
Total Alabama				260,000
Arkansas	09-14-89	NE	Benton, Saline Cty.	36,000
Arkansas	09-15-89	NE	Pulaski Cty.(Penn.Bayou)	22,000
Total Arkansas		NE		58,000
Delaware	11-02-89	NE	New Castle Cty.	350,000
Kentucky	12-22-89	NE	Pond Creek	85,000
Indiana	08-10-89	NE	Singleton Ditch	15,000
Louisiana		NE	Cameron Parish	150,000
Michigan	07-13-89	NE	7 Ctys., South Michigan	1,014,000
Mississippi	05-23-89	NE	Claibourne, George, Hinds, Oktibbeha, Tishomingo Ctys.	634,000
Mississippi	06-29-89	NE	Adams, Copiah, Waltham Ctys.	400,000
Mississippi	07-14-89	NE	Adams, Alcorn, Lee, Prentiss Ctys.	488,000
Mississippi	08-03-89	NE	Bolivar, Coahoma, Leflore Ctys.	598,000
Mississippi	08-08-89	NE	Adams, Alcorn, Warren Cty.	626,000
Mississippi	08-29-89	NE	Clay, Forrest, Prentiss Holmes, Warren, Webster Cty.	667,000
Mississippi	08-29-89	NE	Perry, Covington Ctys.	86,000
Mississippi	09-20-89	NE	Lowndes Cty.	131,000
Mississippi	01-12-90	NE	Scott, Harrison Ctys.	104,000
Total Mississippi				3,734,000
New Jersey	10-23-89	E	Greenich Twp, Dike Repair	200,000
Virginia	08-07-89	NE	Patrick Cty.	16,000
TOTAL				$5,882,000
II. OTHER PENDING REQUESTS				
South Carolina		NE	Remaining Hurr. Hugo Damages	10,000,000 b/
Puerto Rico		NE	Remaining Hurr. Hugo Damages	2,638,000 b/
Mississippi, Georgia, Alabama, Tennessee		NE/E c/	February Storm	13,000,000
TOTAL				$25,638,000
GRAND TOTAL				$31,520,000

a/ NE = Nonexigency E = Exigency
b/ Estimate of remaining need. All priority exigency work is funded.
c/ Distribution not available at this time.

EMERGENCY WATERSHED PROTECTION

Mr. WHITTEN. Your budget request for emergency watershed operations is $9,814,000. You have indicated that this funding level would allow you to complete contracts signed in prior years and provide for an immediate response to exigency situations in 1991. Considering the backlog of requests pending, is it your intent to fund any non-exigency situations?

Mr. SCALING. Although we do not have a policy of funding only exigency situations, we do give first priority to this category of work which involves a more immediate threat to human life and property. In years where the demand for emergency watersheds assistance exceeds our ability to respond, as has been the case this year, we would likely be able to fund only the exigency work. Local communities would be encouraged to seek funding for remaining work from other sources. For example, if the Federal Emergency Management Agency could fund work in Presidentially-declared disaster areas, SCS would be able to use its emergency watershed protection funds in cases of more localized disaster events. We would then be able to accommodate a reasonable level of nonexigency work.

WATERSHED AND FLOOD PREVENTION PROJECT IMPROVEMENTS

Mr. WHITTEN. For the record, please reprint the table appearing on page 11g–30 of the explanatory notes that shows improvements installed in watershed and flood prevention projects.

[The information follows:]

IMPROVEMENTS INSTALLED IN WATERSHED AND FLOOD PREVENTION PROJECTS

The following table contains a listing of the technical services provided, lands improved and erosion reduced, and land treatment measures installed within project areas by the Soil Conservation Service with funds from the Wastershed and Food Prevention Operations Program in 1989. The Forest Service also uses these funds on National forest lands to stablized critical areas, roads and roadbanks; to reduce fire hazards and improve fire control; to plant and seed trees and grass; for range and waste land grazing; for wildlife hibitat; for recreation, also vegetating surface mined areas and or water management:

Agency	Units	Programs		Total
		Small watersheds Public Law 566	Flood prevention Public Law 534	
SOIL CONSERVATION SERVICE				
Technical Services:				
Individuals and groups provided one or more technical services.	Number	13,293	11,336	24,629
State, local or other Federal units of government provided one or more technical services.	Number	159	91	250
Individuals and groups of individuals who installed one or more land treatment measures to land under their control.	Number	6,137	56,274	62,411

Agency	Units	Programs		Total
		Small watersheds Public Law 566	Flood prevention Public Law 534	
Conservation planning achieved with land users receiving technical services.	Acres	278,727	133,138	411,865
Lands improved—Estimated land improved and tons of reduced erosion on lands within watershed project areas:				
Cropland	Acres	292,936	243,180	536,116
	Tons	1,910,787	1,316,559	3,227,346
Pasture and Hayland	Acres	112,961	1,061,539	1,174,500
	Tons	825,062	217,115	1,042,177
Range and Nature Pasture	Acres	212,483	862,409	1,074,892
	Tons	529,153	1,047,471	1,576,624
Woodland	Acres	10,080	5,907	15,987
	Tons	1,114,348	56,878	1,171,226
All Other	Acres	43,805	67,720	111,525
	Tons	122,107	121,379	243,486
Total	Acres	672,265	2,240,755	2,913,020
	Tons	4,501,457	2,759,402	7,260,859

GREAT PLAINS CONSERVATION PROGRAM RESULTS

Mr. WHITTEN. Please provide for the record a copy of the Great Plains conservation program results as shown on page 11-47 of the explanatory notes.

[The information follows:]

GREAT PLAINS CONSERVATION PROGRAM RESULTS

Program results	Fiscal year		
	1989 actual	1990 estimate	1991 estimate
Active contracts—beginning of year	$5,059	5,129	5,429
New contracts signed:			
Annual	953	975	1,100
Cumulative	66,279	67,254	68,364
Contracts completed and terminated:			
Annual	−883	−675	−675
Cumulative	69,996	61,619	62,294
Active contracts—end of year	5,129	5,429	5,864
Active applications on hand beginning of year	1,589	1,725	1,900
Active applications on hand end of year	1,725	1,900	2,000
Number of participants serviced:			
Annual	6,012	6,104	6,539
Acres in new contracts (1,000):			
Annual	2,713	2,775	3,159

GREAT PLAINS CONSERVATION PROGRAM

Mr. WHITTEN. We see in the explanatory notes that during fiscal year 1989, 883 contracts were completed or terminated. In general terms, what happens to this land when the contracts expire? Do you know what percentage goes back into heavy tillage production?

Mr. SCALING. The Great Plains Conservation Program is a program to adequately protect land while continuing to use the land for its planned purpose, cropland, rangeland, pastureland, etc. The program is used to install the needed practices and management techniques over a period of years so that when completed the land may continue to be used in that manner without loss or abuse of the soil resource. There is very little change in land use after the contracts expire.

The Great Plains Conservation Program evaluation of 1984-85 included a study of farms and ranches with completed contracts. The evalution showed a high percentage—over 70 percent—of the treatment applied under the contract continued to be maintained well after contract expiration.

GREAT PLAINS CONSERVATION PROGRAM CONTRACTS AND ACREAGE

Mr. **Whitten**. Please provide us a table showing how many contracts were signed during fiscal year 1989, along with the numbers of acres and Federal cost-share for each state.

Mr. **Scaling**. In 1989 SCS entered into 953 GPCP contracts in the Great Plains States. These contracts provided for treatment of the resource problems on the entire operating units. The total acres of new contracts signed in 1989 was 2,712,667. The federal cost-share, which averages about 38% of the total cost, for these contracts was $13,919,352. We will be happy to provide a table showing the state by state breakdown for the record.

[The information follows:]

GREAT PLAINS CONSERVATION PROGRAM CONTRACTS AND ACREAGE IN PROGRAM

State	Fiscal year 1989 contracts	Fiscal year 1989 acres	Federal cost share
Colorado	99	258,200	$1,530,634
Kansas	152	80,466	1,471,899
Montana	55	399,581	1,286,164
Nebraska	99	199,997	1,109,201
New Mexico	26	375,127	545,706
North Dakota	81	158,993	798,638
Oklahoma	109	156,774	1,068,781
South Dakota	79	322,952	1,557,890
Texas	220	488,557	3,936,226
Wyoming	33	272,026	614,213
Total	953	2,712,667	13,919,352

RESOURCE CONSERVATION AND DEVELOPMENT APPLICATIONS

Mr. **Whitten**. Please provide a list of the resource conservation and development applications on hand at the beginning of fiscal year 1990.

Mr. **Scaling**. At the start of 1990 we had 46 RC&D applications on hand. We will provide a list of the RC&D applications for the record.

[The information follows:]

RC&D APPLICATIONS ON HAND FISCAL YEAR 1990

State	Region	State	Region
Alabama	Northwest Alabama	Alabama	Mid-South.
Arkansas	Mat-Su	Arkansas	Arkansas Ouachita Mountains.
Arizona	Northwest Arkansas	Arizona	Central Arkansas.
California	Calif High Desert	California	Lake Tahoe.
Georgia	Little River	Georgia	DMS Golden Triangle.
Hawaii	Garden Island	Kentucky	Mammoth Cave.
Louisiana	N.E. Delta	Massachusetts	The Patriot.
Michigan	Potawatomi	Minnesota	Arrowhead.
Minnesota	Northwest	Mississippi	Central Mississippi.
Missouri	Platte Territory	Nebraska	Aksarben.
New York	Empire Heartland	New York	Benessee Finger Lakes.
North Carolina	S.C. Piedmont	North Carolina	Unifour.
North Carolina	Cape Fear	North Dakcta	Souris Basin.
North Dakota	Williston Basin	Oklahoma	Wheatland.
Oklahoma	Will Rogers Country	Oklahoma	Two Lakes.
Oklahoma	Cross Timbers	PB	Guam.
Pennsylvania	Southern Alleghenies	South Dakota	Northwestern.
South Dakota	W.C. South Dakota	South Dakota	Dakota Lake Plain.
South Dakota	Prairie Lakes	Tennessee	Clinch Powell.
Texas	Piney Woods	Texas	Big Country.
Texas	Alamo	Utah	Mountainland.
Utah	Castleland	Utah	Wasatch Front.
Washington	N.C. Washington	West Virginia	Northern Panhandle.

INTEREST RATES FOR RC&D LOANS

Mr. WHITTEN. What is the current interest rate for RC&D loans?

Mr. SCALING. The interest rate for FmHA Business and Industry Loans in 1990 is 10.075 percent.

RC&D LOANS IN DEFAULT

Mr. WHITTEN. Are there any RC&D loans in default?

Mr. SCALING. As of September 30, 1989, there were eight RC&D loans that had been delinquent 30 days or more (or 6.5 percent of the RC&D borrowers).

FINANCIAL ASSISTANCE FOR RC&D AREAS

Mr. WHITTEN. Your budget request proposes to decrease financial assistance for RC&D projects by almost $5 million. You have stated in your explanatory notes that the RC&D program is a major component of the Department's Rural Development Initiative. Would you please explain to us how an almost 20 percent decrease in funds assists rural development?

Mr. SCALING. Since the initiation of the Department's Rural Development Initiative in 1987 it has been our policy to maintain or increase our technical assistance to RC&D areas and to encourage our local sponsors to assume greater responsibility for securing other than RC&D funding for project measures. In the past several years we have increased our technical assistance function in the form of RC&D coordinators by decreasing emphasis on RC&D cost share assistance. This was possible because RC&D councils and sponsors were successful in securing cost share assistance for implementing their measures from non traditional sources. It has been our experience that both the SCS and the RC&D areas have benefited from this mix of SCS technical and financial assistance. In 1991 we propose to further limit available RC&D financial assistance while maintaining technical assistance at near the 1990 level. We believe that local sponsors will continue to increase their efforts in securing cost share assistance from other than the RC&D program and that the RC&D program will meet local obligations while providing resource conservation and development assistance where it is most needed.

NEW AUTHORIZED RC&D AREAS

Mr. WHITTEN. For fiscal year 1990, Congress provided additional funds for the RC&D program. Would you please provide us with a list of the new areas authorized and the funding for each?

Mr. SCALING. We will provide a list of areas authorized during 1990 and funding for each for the record.

[The information follows:]

RC&D areas authorized in 1990

Southern Alleghenies RC&D area, PA	$110,000
Clinch-Powell RC&D area, TN	110,000
Castleland RC&D area, UT	110,000
Northern Panhandle RC&D area, WV	110,000

CHESAPEAKE BAY CLEANUP

Mr. WHITTEN. The Committee is aware of significant progress in the Chesapeake Bay cleanup program. We are glad to see that the Chesapeake Bay is included as part of the Water Quality Initiative. How much of the conservation operations account of your fiscal year 1991 request is for the Chesapeake Bay Work?

Mr. SCALING. The 1991 budget request would devote $4.5 million to finance 62 positions for work on Chesapeake Bay cleanup activities, an increase of $0.7 million and 15 staff years from 1990.

Mr. WHITTEN. Mrs. Smith?

CONSERVATION CONCERNS IN NEBRASKA

Mrs. SMITH. Thank you, Mr. Chairman, and welcome to all of you.

We're so glad to have you with us, Ms. Kearney. We are delighted with all of you, and I have said this to Mr. Scaling, but I want to say it to everybody here, that there was great concern in my district about the whole conservation plan program. In an effort to help, Mr. Scaling came to my office, and he said, "I'll come right out there to your district and visit with those folks. And I'm not going to administer that program in a way that's going to break one farmer."

Now there is no objection. We've got one or two hot spots, which Mr. Scaling said, "I'll come out and visit with those folks in the future, if I need to."

So I just want to publicly say how much we appreciate Mr. Scaling and say it for the record.

Mr. SCALING. Thank you.

Mrs. SMITH. I also want to say that I'm greatly pleased with the increase in the conservation funds for the Great Plains.

I have watched that program very closely through the years. It's done a lot for our area, and I want to ask what activities would be increased in that area, since we are going to have probably an increase in the budget?

Mr. **Scaling**. I'm going to let Galen Bridge, my Deputy for Programs, who administers that, answer that, ma'am.

Mr. **Bridge**. Basically, those additional funds would permit us to sign about 135 additional contracts over what we have historically signed each year, roughly about 1,100 contracts in fiscal year 1991.

It would make a real contribution in terms of additional acres coming under long-term conservation contracts.

Mrs. **Smith**. I am certain it will, and I'm glad to have that answer. Thank you, Galen.

Now going back to you, Mr. Scaling, you know that the sign-up deadline was December 31st of last year, and 95 percent of the people in my district had completed their compliance by that time.

Are you hearing many complaints across the country about this, or how is it progressing?

Mr. **Scaling**. Mrs. Smith, I can honestly tell you we have fewer than 50 complaints here in Washington.

Mrs. **Smith**. That's great.

Mr. **Scaling**. I don't know what we have at the State level, but I would expect it wouldn't be very much or I'd be hearing about it.

What we've tried to do is to put some common sense and economic considerations into these plans. What will work in a particular area won't necessarily work in another area. We've tried to gear this as locally as possible in order to have acceptance by private sector agriculture.

COSTS OF CONSERVATION COMPLIANCE

Mrs. **Smith**. Well, I know you've done a great job at that. Now, do we have any figures of an estimate on the average cost to a farmer in complying with the Conservation Program?

Mr. **Scaling**. Mack will answer that because he was doing some figures the other day. Mack Gray is my Special Assistant.

Mrs. **Smith**. Thank you, Mack.

Mr. **Gray**. Yes, ma'am. We have collected data from all of our State offices as to the extent of the various conservation practices that are included in these plans.

For example, we have about 216,000 miles of terraces that are in the plans. That would be about 3.5 million acres that will need to be terraced.

We have not, at this point in time, had the opportunity to cost out all of those practices, but that's something that we're working on. We hope in the next two or three months we'll be able to have those costed out for the most part.

ASSISTANCE FOR IMPLEMENTING COMPLIANCE PLANS

Mrs. **Smith**. Let me ask one follow-up question. What programs are currently available to provide financial and technical assistance to farmers as they implement these plans?

Do we have funds adequate to provide necessary help to the farmers?

Mr. **Scaling**. Mrs. Smith, in the Great Plains country, we have the Great Plains Conservation Program, if a person wants to sign his or her whole operation into the program.

Also there, and in the rest of the country, we have ACP, which I understand is funded in the budget. Those are the two cost share programs that we have available.

Some States have their own cost share programs, and they would complement whatever the Federal Government is doing. As far as the question of funds, Mrs. Smith, we'll spend all the money that's there, and I'm sure if there were some more available, the producers would still be there to receive it. But we'll do everything we can with the resources we have.

CONVERSION OF CONSERVATION RESERVE PROGRAM LAND

Mrs. **Smith**. Now, one more question. I know that the CRP is not a program under your jurisdiction, but we're certainly all aware that that land is going to start coming out in 1995, and we must have some base protection.

I'm wondering if there are any other provisions that you believe would help keep those benefits placed under protective vegetation cover in the years right after that?

Mr. **Scaling**. Mrs. Smith, you're correct on the protection of CRP land. Presently, there is an incentive to plow up what has been put on the ground when Conservation Reserve Program contracts expire.

If Congress could protect that base ad infinitum, the producer would really be encouraged to maintain a vegetative cover on CRP land for use by domestic livestock, cattle, or sheep.

But more importantly, there's another side to this issue that I think is very beneficial, and that's recreation. Hunting, if you please.

Hunting is a very valuable asset that landowners have throughout the country. There are two problems associated with recreational uses on this land.

Of course, as you know property taxes belong to the State, not to the Federal Government. It would certainly improve the economic position of farmers and ranchers if States could recognize hunting or recreation as a form of income and provide tax relief for that activity. Also, the use of CRP land for recreational purposes raise the question of liability, where a landowner is liable if somebody is hurt while hunting on his or her property.

Those are the two concerns that would keep a producer from receiving income, the tax base, and also the liability issue.

These two concerns are very important to farmers and ranchers with CRP land who are considering the continued use of their land for recreational purposes. As you know, recreation and hunting often lead to rural development, and that's what we're all after is to put money back out in the rural areas. It's kind of nice to get a couple of hundred miles away from town where you can hear the sounds of the real world.

Mrs. **Smith**. We have that out in my district.

Mr. **Scaling**. We have it in mine, too.

A MODEST FUNDING DECREASE FOR THE 1991 BUDGET

Mrs. SMITH. I am aware that the President's budget request, Mr. Scaling, your agency funding would be reduced to $724.8 million in fiscal year 1991 compared with $727.2 million in fiscal year 1990—roughly a $2.4 million cut. Mr. Scaling, will this budget reduction hamper your agency's ability to operate?

Mr. SCALING. This budget provides increased funding for the USDA water quality initiative, new Great Plains contracts, increased operating costs in some programs, and half of the anticipated 3.5 percent January 1991 pay cost. We will be able to continue funding the implementation of Food Security Act conservation plans at the 1990 rate. The water resources programs and the Resource Conservation and Development program are proposed for reduced funding. The budget is austere, but we have sufficient funds to carry out priority soil and water conservation work in 1991.

ENVIRONMENTAL CONCERNS AND THE 1990 FARM BILL

Mrs. SMITH. Environmental concerns will prove to be a challenge to agricultural policy through the 1990's. I am very concerned that accurate and scientific information be readily available throughout the Federal Government regarding soil conservation and water quality.

Could you briefly explain to the subcommittee the efforts taken by the SCS and your office, Secretary Kearney, in order to coordinate and disseminate information among various agencies, such as the EPA and the Fish and Wildlife Service.

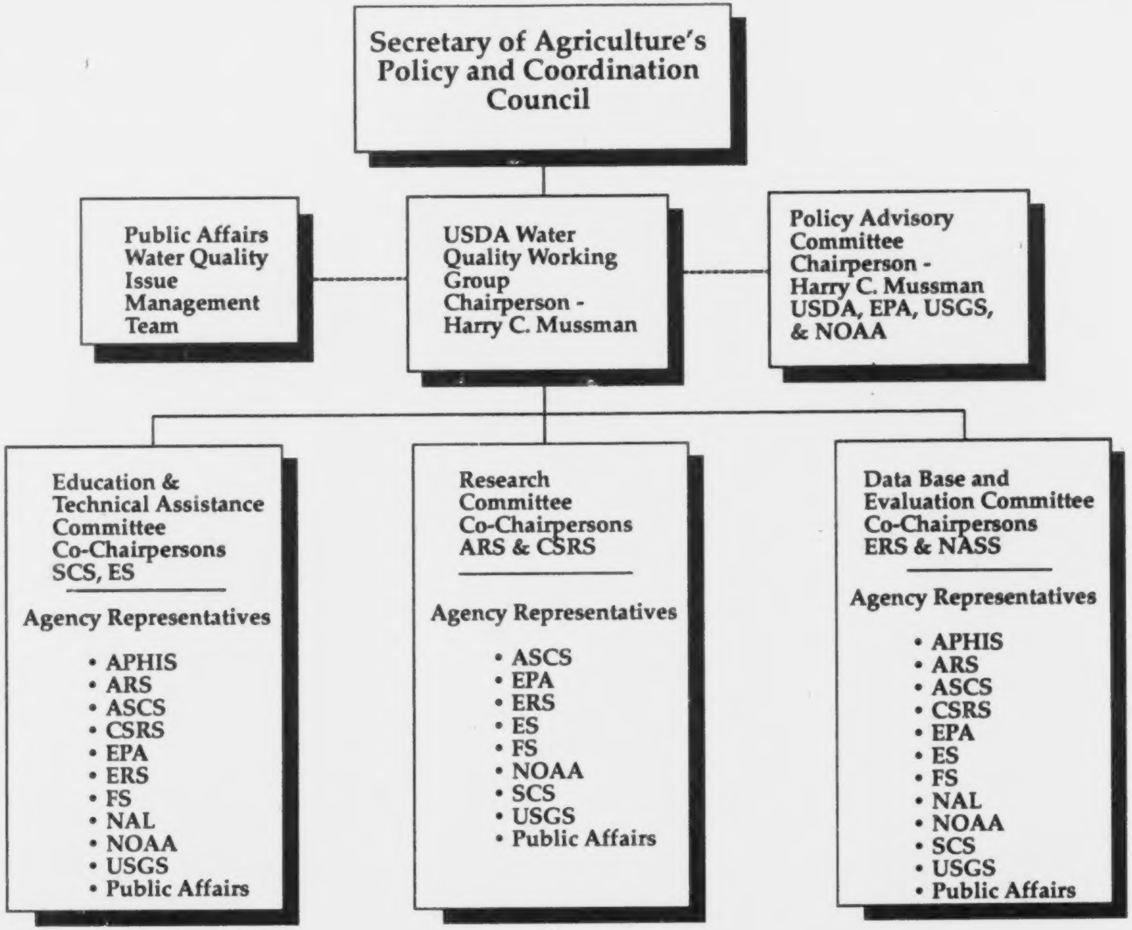
Ms. KEARNEY. The Department's Water Quality Initiative is coordinated at the national level through the Department's Working Group on Water Quality currently chaired by Dr. Harry Mussman, Deputy Assistant Secretary for Science and Education. We will provide, for the record an organizational chart which shows Agency and Department involvement.

The Soil Conservation Service provides for broader coordination with the Environmental Protection Agency through personnel assigned to liaison positions at nine of the 10 Environmental Protection Agency Regional Offices; at the three Regional Program Offices and EPA's National Headquarters. In addition, the Environmental Protection Agency has personnel assigned to the Department and at the Soil Conservation Service's National Technical Center in Fort Worth, Texas. This close contact allows for prompt dissemination of information as it becomes available, joint sponsorship of conferences for scientific exchange and co-sponsored and co-funded studies.

We are coordinating our wetland efforts with the Fish and Wildlife Service. One of the main ingredients in the preparation of the wetland inventories for carrying out our responsibilities under the Food Security Act of 1985, is the Fish and Wildlife Service inventories, where they are available. We are also cooperating with the Corps of Engineers and the Fish and Wildlife Service in developing a unified hydric soils list.

We are currently finalizing the means of electronically exchanging data with the Agricultural Stabilization and Conservation Service. This effort has been tested and will be initiated in the field later this year. The intent is to provide accurate and timely information needed for administration of the Food Security Act provisions.

[The information follows:]



Secretary of Agriculture's Policy and Coordination Council

Public Affairs
Water Quality
Issue
Management
Team

USDA Water
Quality Working
Group
Chairperson -
Harry C. Mussman

Policy Advisory
Committee
Chairperson -
Harry C. Mussman
USDA, EPA, USGS,
& NOAA

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Agency Representatives

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- ARS
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- CSRS
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- ES
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- NAL
- NOAA
- SCS
- USGS
- Public Affairs

Mrs. SMITH. Thank you very, very much.

Mr. SCALING. Thank you.

RECREATIONAL USE OF CRP LAND

Mr. WHITTEN. Just listening to you there, reminds me that 300,000 farmers have been put off their farms. This recreation you're talking about, is that aimed at anyone in particular? Those that had to close up the farm and had to quit, are you directing this recreation that you're talking about to them?

Mr. SCALING. No, I'm not, sir. I'm just saying that that's another use of the Conservation Reserve Program land, sir.

Mr. WHITTEN. What about the part that you're paying people not to produce when the whole world is hungry for food and clothing.

Mr. SCALING. I just think I'll let that go on by.

Mr. WHITTEN. Let the record show the gentleman is thinking deeply.

Mr. Natcher?

ISSUES OF CONCERN

Mr. NATCHER. Thank you, Mr. Chairman.

I want to thank you ladies and gentlemen for appearing before our subcommittee at this time. I've served on this subcommittee now for 35 years, and I know that my Chairman, the Chairman of the full committee, Mr. Whitten, has always been interested not only in soil conservation but all of the matters pertaining to the field of agriculture in the Department.

Ms. Kearney, I'm delighted in checking your biographical sketch to see that you started out in public health. That's good. You've got a good start.

Anytime they don't treat you nice down at the Department of Agriculture, you just come over the Department of Health and Human Services and come before the subcommittee that I'm Chairman of, and we'll treat you nice.

I'm very much concerned about soil conservation and have been ever since I've been a member of Congress. I know that when we take this bill to the floor, if we did not have Soil Conservation Service, our different research programs extension, REA, and some of the others, we couldn't pass this bill.

We've added to this bill the Food and Drug Administration. It wasn't in here when I started. We have a program in here for urban gardening.

My Chairman said let's teach them how to raise a garden, and he said we need the votes.

So this is the year now that we have the agriculture program before the Committee on Agriculture which will be a five-year program.

The present program, as you all know, expires this calendar year. I'm hoping when they call upon you people and the Secretary to make recommendations concerning that part of the bill pertaining to soil conservation, you'll keep in mind that this is one of the great services in the Federal Government.

Not only in the Department but also in the Federal Government.

Some people say a five-year bill is too much. Let's cut it back now, or the President is going to veto your bill.

You know, I think, Mr. Chairman, that we ought to keep in mind that this year, the calendar year of 1990, is the year where the most important word in the dictionary applying to the year is the word caution.

That's the word I think should apply for the calendar year of 1990. Six East European countries now with their freedom and I'm in favor of that but we must not take defense back too far. We must protect agriculture.

Sixteen independent countries in the Soviet Union and all of them want the right to secede. I'm in favor of that. But we don't have the money to support them if they do.

We don't have the money to bail them out, and that's the reason why in this five-year bill that we're going to pass in the House and the Senate, we ought to take care of our people.

You know, my friend, Mr. Durbin, just mentioned my hometown to me just now. On one road for six and a half miles going right through one of the best farms in my home county, 32 motels now, a shopping center that cost about $200 million. A farm, Ms. Kearney, that you could throw a rock out on any place, and it would grow.

Black soil, dirt down six feet deep, before the red clay started. Motels, all of these fast food places, golf courses, airports, reservoirs.

We've built five, Mr. Durbin, in the district that I represent since I've come up here, and everybody has helped me. It's helped my district, and it's helped Kentucky.

But I hope now when you're called on this time, and you're going to be called on, and so is the Secretary, that if they mention any money to you, why don't you leave it to Jamie Whitten and say go see Jamie Whitten of Mississippi as to how much of it should apply to soil conservation, and take his word for it, and we'll all be satisfied with the amount?

Mr. Chairman, I appreciate your yielding to me and we are glad to have you ladies and gentlemen before our committee.

Mr. WHITTEN. May I say thank you for those kind remarks, but we have worked together for many, many years, and if there's been a difference, I've been unaware of it. Thank you for your statement.

Mr. Akaka?

COMPONENTS OF THE 1990 WATER QUALITY INITIATIVE

Mr. AKAKA. Mr. Chairman, thank you very much.

Last year, you proposed a new water quality initiative, and my questions are along the line of this initiative.

How are you using the funds provided for this activity to promote and improve water quality?

Mr. SCALING. I'm going to let Galen Bridge answer that.

Mr. BRIDGE. We have several components in our 1990 water quality initiative. The first one, and one very important component to us, is improving our technology development capability. One of our activities will be to revise technical information for field office use, particularly as it relates to the use of pesticides and nutrients that are found in soil and groundwater.

We're funding several regional projects. These include the Chesapeake Bay; the Great Lakes; the Tennessee Valley Land and Water 201; the Gulf Coast Initiative; and the Puget Sound.

We have also funded 37 watersheds, often referred to as hydrologic units, in which we will provide increased technical assistance to solve water quality problems that have been identified in the States. ASCS will also provide cost share assistance.

Finally, we have established eight demonstration projects throughout the country. Our objective is to intensively study and analyze the adoption of new water quality practices and the benefits derived from implementing those practices. In summation, the water quality components include technology development; regional projects, hydrologic units, and demonstration projects.

WATER QUALITY PILOT PROJECTS

Mr. Akaka. Are those the pilot projects that you identified last year?

Mr. Bridge. That's right. The 1991 budget request proposes an additional eight demonstration projects, for a total of 16, plus an additional 37 watersheds or hydrologic units for a total of 74.

SECTION 319 DESIGNATED WATERSHEDS IN HAWAII

Mr. Akaka. Last year, you also indicated that under your water quality initiative, your agency and the EPA have identified 319 watersheds as critical watersheds.

For the record, please identify any that are located in Hawaii.

Mr. Bridge. Okay, we can do that.

[The information follows:]

Hawaii Water Quality Projects

In response to the requirements of Section 319 of the Water Quality Act of 1987, the State of Hawaii and SCS have identified five critical nonpoint source hydrologic units which drain into areas which have been identified as having agriculture as the primary land use and nonpoint source pollutant contributor. We did not fund any of the identified nonpoint source hydrologic units for Hawaii through the Water Quality Initiative in FY 1990. The selection of projects to be funded in 1991 has not been done. The budget provides funding for 37 additional projects nationwide:

Pearl Harbor, Oahu; South Molakai, Molakai; Nawiliwili Bay, Kauai; Waialua-Kaiaka Bay, Oahu; and Hanapepe Bay, Kauai.

Mr. Akaka. Also, if you have added to that list since last year, please indicate whether any of the new watershed areas are in Hawaii.

Mr. Bridge. Okay, we can do that.

[Clerk's note.—Information provided to the committee states that none of the five critical nonpoint source hydrologic units identified in Hawaii have been added since last year.]

EMERGENCY WATERSHED PROGRAM

Mr. Akaka. Summarize the work SCS performed associated with the new year's flood under the Emergency Watershed Program. What has been the response of the effected neighborhoods?

Mr. Scaling. The improvements have been providing flood protection to the residents as intended. Overall response to the improvements made have been very favorable. There were a couple of complaints during construction—some residents felt that construction was going too slowly. We will provide a summary of the work performed.

[The information follows:]

EMERGENCY WATERSHED PROTECTION [EWP] PROGRAM SUMMARY OF WORK PERFORMED IN HAWAII

Summary of SCS EWP operation in the aftermath of the New Year's storm that drenched Eastern Oahu on December 31, 1987 and January 1, 1988.

The projects located in the Waimanalo area are the Novak, Mekia Street, Waimanalo Stream and Wright projects. The projects in the Maunawili area are the Omao Stream and Palapu Stream projects.

NOVAK PROJECT—WAIMANALO

Final contract amount for this project was $76,032 (engineer's estimate and bid amounts were $79,520 and $72,460, respectively). Measures installed consisted of 490 linear feet of loose rock riprap placed along Waimanalo Stream banks below a Samoan church meeting hall and horse stables including the stable owner's (Novak) home. This project was inspected and approved on March 8, 1988. Benefits included relief from risk of loss of life and property. The home and meeting hall were dangerously clinging to the banks of the stream prior to construction. The operation and maintenance of this project has been turned over to the sponsor, the State of Hawaii.

MEKIA STREET PROJECT—WAIMANALO

Final contract amount for this project was $652,497.13—engineer's estimate and bid amounts were $543,164 and $642,320 respectively. Measures installed consisted of 372 linear feet of gabions, 122 linear feet of grouted rock riprap and 193 linear feet of grouted boulder gravity wall along the Kahawai Stream bank below nine homes, two of which were undermined to the point of collapse. Large sections of earth bank caved in beneath these two homes during gabion construction. If workers had been present, they would have been buried alive. Gabions are basket-like wire cubicles arranged in various configurations and filled with rocks to serve as earth retaining and bank protection structures.

Because of the extreme hazard of filling and tying gabions below the 20 foot concave cliff, the contractor agreed to construct a grouted boulder gravity wall in lieu of gabions for the same cost and with an extension of performance time. The project was approved on April 29, 1988.

Benefits include relief from risk of loss of life and property. The sponsor the State of Hawaii, has constructed chain link safety fencing along the top of the bank and has taken over operation and maintenance of the project.

OMAO STREAM PROJECT—MANUNAWILI

Here again, measures installed consisted of gabions (94 linear feet) and grouted rock riprap (77 linear feet) along 115 feet of stream. Final contract amount for this project was $124,637.33 (engineer's estimate and bid amounts were $96,760 and $125,600, respectively). Two homes sitting above vertical 20 to 30 foot banks were saved from eventual collapse. Here again, a large section of earth bank collapsed during the night onto unfinished gabions, but in this instance, gabion construction continued without risk of injury. Final inspection and acceptance occurred on March 22, 1988. Benefits included relief from risk of loss of life and property. The operation and maintenance of this project has turned over to the sponsor, the City and County of Honolulu, Hawaii.

PALAPU STREAM PROJECT—MAUNAWILI

This project was accepted on July 20, 1989 at a cost of $1,817,557 (engineer's estimate and bid amounts were $1,955,142 and $1,593,680, respectively). Measures include lining approximately 780 feet of Palapu Stream with loose boulder riprap with concrete sills at 150 foot intervals. The sponsor, the City and County of Honolulu, administered the construction contract and provided design and inspection services.

Benefits for this project include relief from loss of life and property. Operation and maintenance responsibilities have been turned over to the sponsor.

WAIMANALO STREAM PROJECT—WAIMANALO

Construction on this non-exigency project was completed on May 26, 1989, for a cost of $94,106 (engineer's estimate and bid amounts were $93,835 and 85,350, respectively). The project sponsor, the State of Hawaii, has assumed maintenance responsibilities for this stream bank restoration and protection project along 1,600 feet of Waimanalo Stream.

KAHAWAI STREAM PROJECT—WAIMANALO

This project was to consist of 2,000 feet of stream cleaning at an estimated cost of $62,700. However, the low bid of $153,474 along with additional permit requirements and time constraints prompted the sponsor, the State of Hawaii, to withdraw their request for assistance.

WRIGHT PROJECT—WAIMANALO

Measures for this project included grouted and loose rock riprap stream lining along a 400 foot reach of Kahawai Stream. Acceptance for this non-exigency project was on July 6, 1989. Final cost for this State sponsored project was $325,971.62 (engineer's estimate and bid amounts were $299,810 and $338,320, respectively.

HONOLUA WATERSHED PROJECT

Mr. **Akaka**. What is the status of the various components of the Honolua Watershed on Maui?

Mr. **Scaling**. We will be happy to provide a status report on the Honolua project.

[The information follows:]

Status of Honolua watershed project

A. Kahana Desilting Basin:	
Date completed: 6/18/84	
Cost:	
Federal	$1,501,186
County	0
Total	1,501,186
B. Napili 2-3 Dam and Flood Control Channel:	
Date completed: 2B/24/88	
Cost:	
Federal	1,706,308
County	541,800
Total	2,248,108
C. Napili 4-5 Desilting Basin:	
Date completed: 12/28/84	
Cost:	
Federal	257,396
County	0
Total	257,396
D. Honokowai Flood Control Channel:	
Date completed: 8/23/88	
Cost:	
Federal	2,351,347
County	236,673
Total	2,588,020

FEDERAL COST OF HONOLUA WATERSHED PROJECT

Mr. **Akaka**. Identify the estimated federal cost of units of this project that are planned or under contract. Also identify projected start-up or completion dates.

Mr. SCALING. We will be happy to provide the status of units planned or under contract.

[The information follows:]

Honolua watershed project federal cost of units planned or under contract and completion dates

A. Honolua Damage Repair:	
Construction start: 11/23/89	
Estimated completion: 3/22/90	
Estimated cost:	
Federal	$203,417
County	0
Total	203,417
B. Honokowai and Mahinahina Floodwater Diversions:	
Estimated construction start: FY 1993	
Estimated cost:	
Federal	300,000
County	0
Total	300,000
C. Mahinahina Flood Control Channel:	
Estimated construction start: FY 1990	
Estimated cost:	
Federal	1,575,000
County	530,000
Total	2,105,000
D. Honokowai Dam:	
Estimated construction start: FY 1992	
Estimated cost:	
Federal	2,500,000
County	30,000
Total	2,530,000
E. Mahinahina Desilting Basin:	
Estimatd construction start: FY 1992	
Estimated cost:	
Federal	500,000
County	0
Total	500,000
F. Pohakukaanapali Deslilting Basin:	
Estimated construction start: FY 1996	
Estimated cost:	
Federal	150,000
County	0
Total	150,000
G. Kaopala Desilting Basin:	
Estimated construction start: FY 1996	
Estimated cost:	
Federal	150,000
County	0
Total	150,000
H. Honokeana Desilting Basin:	
Estimated construction start: FY 1996	
Estimated cost:	
Federal	300,000
County	0
Total	300,000

BENEFITS OF HONOLUA WATERSHED PROJECT

Mr. AKAKA. What are the benefits associated with this project?

Mr. **Scaling**. The project provides a one hundred-year level of flood protection and reduces flood and sediment damage to two businesses, 126 homes, and twenty resort apartments-hotel developments. The project also reduces the present sediment load by fifty-seven percent.

KAHALUU WATERSHED

Mr. **Akaka**. What is the status of construction activities associated with the Kahaluu Watershed project?

Mr. **Scaling**. We will be happy to furnish a list of the cost and completion dates of the Kahaluu project.

[The information follows:]

Status of Kahaluu Watershed

A. KA-1A Lagoon:	
Date completed: 11/18/76	
Cost:	
Federal	$325,596
County	43,992
Total	369,588
B. KA-1B Lagoon, Bridge, Outlet Channel:	
Date completed: 3/27/81	
Cost:	
Federal	701,468
County	1,977,091
Total	2,678,559
C. A-1 Channel:	
Date completed: 6/29/86	
Cost:	
Federal	3,336,627
County	235,343
Total	3,571,970
D. Kahaluu Lagoon (Clean out):	
Date completed: 3/26/86	
Cost:	
Federal	433,840
County	30,160
Total	464,000
E. KA-2 Channel, Phase 1:	
Date completed: 2/21/86	
Cost:	
Federal	1,181,881
County	48,105
Total	1,229,986
F. KA-2 Channel, Phase 2:	
Date completed: 9/23/88	
Cost:	
Federal	418,228
County	0
Total	418,228

STATUS OF UNITS PLANNED OR UNDER CONSTRUCTION—KAHALUU WATERSHED

Mr. **Akaka**. Identify the estimated federal cost of units of this project that are planned or under contract. Also identify projected start-up or completion dates.

Mr. **Scaling**. Phase 2 of channel improvement A-1 is under contract. Construction started February 17, 1990 and the estimated completion date is May 1991. The estimated federal cost is $2,368,475, the county contribution is $30,000, for a total cost of $2,398,475. The remaining structures that need design and construction are the W-1 and W-2 channels. These structures are being evaluated by the sponsors.

BENEFITS OF THE KAHALUU WATERSHED

Mr. **Akaka**. What are the benefits associated with this project?

Mr. **Scaling**. The project provides a one hundred-year level of flood protection to ten businesses, eighty-nine homes, thirty-five farms, and four utility stations. The project also provides recreational facilities for ninety-five thousand persons per year.

WAIMANALO IRRIGATION PROJECT

Mr. **Akaka**. What is the status of the Waimanalo Agricultural Park Irrigation Project?

Mr. **Scaling**. The Waimanalo Watershed Plan-Environmental Impact Statement was completed in December 1981. The project is currently under construction. The total project cost is $12,798,000—$3,508,000 federal and $9,290,000 state.

Mr. **Akaka**. Identify the estimated federal cost of units of this project that are planned or under contract. Also, identify projected start-up or completion dates.

Mr. **Scaling**. The Waimanalo Agricultural Park, Phase 2 Irrigation System is 71 percent complete. Construction started on October 2, 1989 and the estimated completion date is July 28, 1990. There is no federal cost and the estimated state cost is $1,744,049. The Waimanalo Reservoir is scheduled to start construction in fiscal year 1991 and to be completed in fiscal year 1992. The estimated federal cost is $1,500,000 and the state cost is $5,000,000 for a total cost of $6,500,000.

Mr. **Akaka**. What are the benefits of this project?

Mr. **Scaling**. Average annual benefits are estimated at $2,222,000. These are agricultural benefits due to irrigation system improvements.

Mr. **Akaka**. What is the agricultural base and projected growth of the Waimanalo region?

Mr. **Scaling**. There are approximately 105 farm units in Waimanalo at the present time. Annual gross value of agricultural production in Waimanalo is estimated to exceed $12,000,000. Population was 7,674 in 1980. Projected population is 9,450 in 2000 and 12,000 in 2020.

UPPER KULA WATERSHED

Mr. **Akaka**. Generally identify the objectives, benefits and anticipated timetable of the Upper Kula Watershed project.

Mr. **Scaling**. The objective is to provide a dependable water supply to agricultural customers being served by the Upper Kula Water System by improving the collection, storage, and distribution systems.

The benefits are to provide a dependable irrigation water supply to 190 existing acres and 50 additional acres in the Upcountry area. The project would also supply water to 576 customers in the planned Hawaiian Home Lands Keokeo area. The average annual benefits are estimated to be $1.4 million. The project planning is scheduled to be completed by FY 1992.

Mr. AKAKA. If this project is implemented, what is the anticipated growth in agriculture for the Kula region?

Mr. SCALING. The project would allow 50 additional acres of crops to be grown in the Upcountry area. The project would also provide water for agricultural—ranching and farming—uses in the DHHL Keoke area.

WAIMEA-PAAUILO WATERSHED

Mr. AKAKA. What is the status of the Waimea-Paauilo Watershed Project?

Mr. SCALING. The final Watershed Plan and Environmental Assessment was completed in September 1989.

Mr. Akaka. What problem is this project designed to address?

Mr. SCALING. The problem this project will address is inadequate water supply for crops and livestock due to insufficient water storage reservoirs and a water collection system with high seepage losses. The distribution systems are inadequate for the agricultural enterprises in the watershed areas.

Mr. AKAKA. If this project is implemented, how would the region benefit in terms of an expansion of agricultural potential?

Mr. SCALING. The project would benefit 144 farms or 1,240 acres of irrigated cropland and 108 ranches or 22,800 acres of pasture. An estimated $1,277,700 in agricultural benefits would be generated. These benefits include reduction in crop losses due to droughts water supply on existing cropland, income from 363 additional acres of irrigated cropland, reduction in the cost of providing water to existing livestock and income from 8,200 additional head of cattle—on existing pasture.

KA'U RIVER BASIN STUDY

Mr. AKAKA. What are the objectives of the Ka'u River Basin Study?

Mr. SCALING. The major resources concerns include insufficient water supply during dry periods, wind and water erosion at South Point, and soil erosion in Macadamia nut and citrus orchards. The major objectives of the study are to address these resources concerns by performing an inventory groundwater and surface water resources, formulate alternative solutions to aleviate water shortage, and soil erosion problems and identify sources of financial assistance for implementation.

Mr. AKAKA. What is the status and timetable for this project?

Mr. SCALING. A planning authorization was received in September 1989. We are currently updating the Plan of Work and the study is scheduled for completion in September 1992.

HOOLEHUA WATER CONSERVATION MEASURE

Mr. **Akaka**. What are the benefits and objectives of the Molokai Windbreak Project?

Mr. **Scaling**. The primary objective of the measure is to provide a cost-effective solution to the problem of inefficient use of irrigation water due to prevalent windy conditions. The selected plan includes the installation of 53 miles of windbreaks—56,000 trees—and 43 irrigation subsystems to support them.

The windbreak trees would provide protection to 6,100 acres of Department of Hawaiian Home Lands property, the Molokai Agricultural Park, and Akea Farms. Benefits include a 10 to 30 percent reduction in irrigation water use and a reduction in wind damage to crops.

Mr. **Akaka**. To what extent could this project expand or improve the agricultural base of Molokai?

Mr. **Scaling**. The installation of the selected plan will permit the leases of DHHL lots and Molokai Agriculture participants to farm with less capital outlay because they will not have to establish their own primary windbreak systems. Farming success will be more probable in these areas.

Mr. **Akaka**. What is the timetable and estimated cost of this project?

Mr. **Scaling**. Planning is essentially complete. A preliminary copy of the Measure Plan was completed in July 1988. The DHHL has expressed interest in becoming a sponsor of these measures. Potential sponsor of the measure, DHHL, has not decided to become the official sponsor and has not approved the Measure Plan. We cannot proceed with installation without a sponsor.

The estimated installation cost is $1,151,000. Federal funds are not available for installation, thus the measure would have to be funded through the sponsor(s).

MISCELLANEOUS PROJECTS

Mr. **Akaka**. Provide the status and anticipated benefits of the Kilauea Agricultural Water Management Project.

Mr. **Scaling**. The study report was completed in June 1984. No entity has elected to pursue installation of any of the proposed alternatives since the time. The private sector has used information in the report to develop the Kilauea Agricultural Water Company. Ten alternative plans were presented in the study plan. The plans proposed the installation of various irrigation systems to replace the antiquated Kilauea Irrigation System. Benefits would include reduced expenditures for water use, no threat of system failure, increased acres irrigated, and hydroelectric power generation. Benefits for the 10 alternatives ranged from $64,900 to $2,953,400.

Mr. **Akaka**. Provide the status and anticipated benefits of the Glenwood Mountain Flood Control Project.

Mr. **Scaling**. A Project Report for the project was completed in November 1986. Eighteen alternatives were developed to solve the road, residential and agricultural flood damages in the project area. Federal funds through the P.L. 566 program can not be provided for installation because none of the alternatives have a positive benefit-cost ratio. The report included recommended actions that the local governments and residents could take to alleviate some of the problems in lieu of installing an alternative.

Mr. AKAKA. Provide the status and anticipated benefits of the Kagman Watershed Project.

Mr. SCALING. The Kagman Watershed Plan-Environmental Assessment for this project is scheduled for completion in FY 92. This project will provide a 50-year level of flood protection to the cropland in the watershed and provide irrigation water to 234 acres of crops. The project will generate an estimated $378,000 in benefits on an annual basis.

Mr. AKAKA. Provide the status and anticipated benefits on the Lahaina Watershed Project.

Mr. SCALING. The Lanhaina Watershed Plan-Environmental Assessment is currently undergoing technical review. Interagency review will begin in May 1990. The project will provide a 50-year level of food protection to 458 acres of residential, commercial, and public development in Lahaina Town. Sixty-four acres of sugarcane fields will also be protected from flooding. Fine sediment discharge to the fringing reef fronting Lahaina Town will be nearly eliminated. Total average annual benefits have been estimated to be $1,096,000.

HAWAIIAN HOME LANDS

Mr. AKAKA. Of the projects identified above, list those which would provide benefits to Hawaiian Home Lands together with the amount of Hawaiian Home Land acres benefitted and the type of benefits provided.

Mr. SCALING. I will be happy to provide this information for the record.

[The information follows:]

BENEFITS TO HAWAIIAN HOME LANDS

The Hawaiian Home Lands benefitted by project are as follows:

A. Waimea-Paauilo Project: DHHL Acres Benefitted: Cropland: 350 acres; Pasture: 20,150 acres.

Benefits provided: The project would provide a reliable irrigation system that would reduce crop losses due to droughs on existing cropland, allow additional acres to be irrigated, reduce the cost of providing water to existing livestock, and allow additional head of cattle to be produced.

B. Ka'u River Basin Study: DHHL Acres Benefitted: Crop and Pasture: 1,750 acres.

Benefits Provided: The study will identify alternative solutions to the agricultural and domestic water problems on DHHL lands.

C. Upcountry Maui Watershed: DHHL Acres Benefitted: 6,000 acres in Keokea (projected 576 customers).

Benefits Provided: The project will provide domestic and agricultural water to the Planned DHHL Keokea area.

D. Hollehua Water Conservation Measure: DHHL Acres Benefitted: 5,000 acres.

Benefits Provided: 10–30 percent reduction in irrigation water use, reduction in wind damage to crops, and increased crop production. Less capital outlay required for the installation of primary windbreaks.

FISCAL YEAR 1991 ACTIVITIES

Mr. AKAKA. In summary form, identify all Hawaii projects that will receive funds under the budget submitted for FY 1991. List the amount for each project.

Mr. SCALING. Our annual budget requests to the Congress are not prepared on the basis of individual watershed projects. We could, therefore, not list at this time the amounts provided for each project in Hawaii. In general, the budget proposes an 11 percent reduction in total funds available for the Small Watersheds Program in fiscal year 1991. Each state would likely receive a pro rata share of this reduction. Decisions on funding for individual projects are made at the state level once final appropriations are known.

Mr. AKAKA. Thank you very much.

Mr. WHITTEN. Thank you.

Mr. Myers?

BALANCED USE OF WETLANDS

Mr. MYERS. Well, thank you, Mr. Chairman, and good afternoon.

Sitting here listening to all the experience that we have on this committee and listening to Mr. Natcher, I'm quite sure you realize that if you're going to get any money, you better clear it with Mr. Whitten here.

We have all learned through the years. But I was also thinking, Bill, as you were talking that the experience on this committee adds up to roughly 200 years in the Congress.

So as a newcomer with only 20 years experience, I feel somewhat incapable maybe of even talking about it. I was a farmer when I worked for a living and a country banker, too.

I am quite familiar with preserving the land. As our Chairman so frequently tells us, it is one of the few real assets that we do have that we could pass on to future generations.

It's the only one we can pass on for sure, but in what condition we pass it on certainly will be up to us who are the custodians today.

I think you do great work, but there are times when I wonder. Right now is an example, talking about water conservation and quality. It's water quantity I'm worried about now.

I've got 12 feet of water on my farm out in Indiana right now, and I sure don't need it. It's not quality, it's quantity. So flood is a real problem to me right now.

I met with some people last weekend, and one particular farmer lived in a little community in the South, although I don't remember which State it was.

But, in any event, a father and son were building a house, and they owned about two or three acres, a very small plot, and they moved some sand from where they were building the house and put it out in the back of their farm, and they went to jail.

The father and son went to jail for putting sand on their own property because the property was in a wetlands area. The poor guy is in jail right now. I don't think that was ever the intention of Congress when we passed protection of the wetlands.

We all support President Bush's commitment of no net loss in wetlands. But I'll tell you I've got some wetlands out in Indiana, one right now on my farm, and all year I would like somebody to come and live on it for a while.

You talk about wetlands—the mosquitoes are terrible out there, so there has to be some kind of a balance. Wetlands are fine, but I sure don't want one next to me in Indiana, because in May, June and July the mosquitoes are as big as hummingbirds out there.

I have a daughter and son-in-law that raise race horses, and they can't keep those horses out. They have to keep them in a barn and keep them covered.

They have to put blankets on them, because the poor horses have got welts on them all over from the mosquitoes.

So there has to be some kind of a balance here. I wish the Federal Government, with their commitment for wetlands, would have a commitment to hold down the mosquitoes, too.

How do you balance that? Do you make any effort to balance the wetlands that you are charged the responsibility with the mosquito problem?

Better yet, whose responsibility is protecting society from unwanted mosquitoes or other pests?

Mr. SCALING. I don't know about the mosquitoes, sir.

IDENTIFICATION OF WETLANDS

Mr. MYERS. Come out some day. I'll sure educate you.

Mr. SCALING. We have a few mosquitoes at home, too. We do have the responsibility for identification of wetlands on private agriculture lands throughout the United States, and we're identifying those right now.

I think that the Soil Conservation Service has a workable policy on identification of and then handling the wetlands after they're identified.

Basically, what we do is determine whether a piece of ground has been drained. If it has been drained, we call that a prior converted cropland.

Mr. MYERS. How recently must it have been drained?

Mr. BRIDGE. Before the 1985 farm bill.

Mr. SCALING. Yes, before the 1985 bill, or if drainage had been commenced prior to December 23, 1985 and is being implemented now. At any rate, that's a prior converted cropland.

Prior converted cropland is exempt. You can do anything you want to on it if it's a farmed wetland. If a wetland wasn't totally drained prior to 1985, you can't increase the scope of drainage and remain in compliance—you can't take the ditch any deeper. You can, however, operate and maintain the original drainage system under what natural conditions will allow.

If you can plant a crop after it dries out, fine, but you can't drain anything else and plant a commodity crop on it.

SWAMPBUSTER EXEMPTIONS

Mr. MYERS. Can the farm operator do anything else besides stand there and look at it? Can he spray it?

Mr. SCALING. Mack, what are the rules? Mack Gray will continue this.

Mr. MYERS. Poor Mack. Maybe Mack doesn't want the ball.

Mr. SCALING. He can handle it much better than I can.

Mr. GRAY. I don't know that anybody would want that one very badly. The fact is that what Mr. Scaling has been referring to in the exemptions under the 1985 Farm Bill refer only to Swampbuster.

The exemptions don't apply to 404 permitting under the Clean Water Act. The previous reference made concerning people being in jail is covered under the Clean Water Act, not Swampbuster.

JURISDICTION OVER WETLANDS

Mr. **MYERS**. What's the difference? How do I know whether I've got a Swampbuster or I'm under Clean Water? When those mosquitoes are chasing me all over the back 40, I don't really care which one it is. I want to get rid of them.

It's a real problem. Those mosquitoes get big. When the river's out, like now, they're not doing any damage.

But I live 300 yards from the Wabash River, and up on my patio, you can't sit out. You can hardly get to the car without being eaten up.

Mr. **GRAY**. Again, that points out the need, as you said previously, to get some balance.

Mr. **MYERS**. We don't have balance, though, today. I guess it's EPA I have to talk to about that, being able to spray.

The poor guy I mentioned before is in jail. He doesn't care which agency got him. One of them got him.

Mr. **GRAY**. With respect to spraying, it would come under the jurisdiction of EPA or a health agency of either the State or local government. We're not involved in that issue.

Mr. **MYERS**. But you can't drain it?

Mr. **GRAY**. In terms of draining it to produce a commodity crop on it and stay eligible for a USDA program, yes, sir, that's true.

SPECIALTY CROP PRODUCTION ON WETLANDS

Mr. **MYERS**. Well, it certainly is true, I know, in my lifetime, and I've seen some land in Indiana which should never have been in cultivation.

I know my father used to have a little pasture farm out on the edge of town, and I went back about two years ago and passed that, and it's all under cultivation now.

It certainly wasn't land that should have been under cultivation, but there has been a lot of abuse. I think framers are to blame.

We've used too many chemicals. Often, both fertilizers as well as pesticides. We've also tried to pass pesticide legislation using intelligence and wisely determining which pesticides can be used, but it, too, has been abused. I think as a farmer, we have abused that. No question about it.

But my last question is in regard to my speaking to a group of cranberry growers this last weekend. They've got real problems.

They've been growing cranberries for years now in the wetlands, and they aren't changing the wetland character any, they're just growing cranberries and making production out of a swamp.

I guess some of the environmentalists hate anybody who's making money or working. They don't understand that.

Mr. **GRAY**. I hope that wasn't a question.

WETLAND RESTRICTIONS CONCERNING CRANBERRIES

Mr. **Myers**. No, it's not. I meant that as a statement. At least, some of the environmentalists I know don't use very much water, except to drink, and they really don't understand the problem.

They've never worked for a living, and they don't know what a farmer's problems are. The unfortunate thing is that we have decision makers today who have never made a living such as the cranberry growers who are using bogs out there.

I don't know a whole lot about cranberry raising, but I do know they grow in water and a few things like that, but the growers tell me that they're now being restricted by the use of pesticides.

As I've always understood, and I'm not a scientist, one of the things a person could use to clean up water was to put nutrients into the water and you could use plants to clean it up.

It seems like cranberries would be the perfect thing for that. Are you familiar with anything like that?

Mr. **Gray**. No, sir, we're not.

Mr. **Myers**. I'm not either. I'm going to check into it for him.

Mr. **Scaling**. What State is that?

Mr. **Myers**. Well, it's a number of States. New Jersey, the New England States, Massachusetts, up in Oregon, Washington State, and Wisconsin.

There are a number of States that produce cranberries, but there aren't a lot. There are 200 farmers who are producing all the cranberries.

Mr. **Scaling**. Mr. Myers?

Mr. **Myers**. Yes, sir?

Mr. **Scaling**. I will have one of our specialists respond to your concerns. Do you want our response for the record?

Mr. **Myers**. Yes, just provide it for the record. I don't want to take the time of my colleagues, but I was really sympathetic to these people, because being a farmer myself, I know that you get some agency over there, especially some bureaucrat that wouldn't know which end of a horse to feed or a mule to harness——

Mr. **Skeen**. Be careful there.

Mr. **Myers**. You have a mule, do you?

Mr. **Skeen**. You're working your way down the horse.

INTENT OF CONGRESS

Mr. **Myers**. Anyway, we have agencies that are enforcing rules and regulations way beyond the intent of Congress. When I went to law school years ago, we were supposed to study what the intent of Congress was.

When I look at some of the decisions they've made, I wonder if courts do that anymore.

Now, you're an administrator, so I hope we get a few people out there that know what they're doing when they administer what the intent of Congress is, not to stop production in the world, but to do it wisely.

I know you're the people who help make sure that the intent of Congress is carried out, and that's what we hear our Chairman speak about so often.

He has a longstanding commitment to protecting the land, as we all have, but we stand in the shadow of a person who has done it legislatively for a good many years.

I just urge that the administrators who administer the laws which we pass and the rules which you set down do it wisely. I think this is the thing that disturbs me more often as not. That is, to see these people who have no experience and don't know what they're doing carrying out the laws.

Mr. SCALING. I agree with you, sir.

Mr. MYERS. Thank you.

Mr. SCALING. I totally agree with your concerns, and we will provide an answer to your question. One of my associates has traveled to the New England states recently in regard to this very problem and we will forward those findings and results to the committee.

[The information follows:]

CRANBERRY PRODUCTION REVIEW

A review of the issues surrounding cranberry production was conducted during October 1989. The Department of Agriculture was represented by Soil Conservation Service (SCS) National Headquarters, state office, and field office staffs.

The review focused on increasing governmental and public awareness of the environmental sensitivity and responsiveness of cranberry producers. It included discussing and observing the growers responses to new regulations on wetlands, farming practices, pesticides use, bog development, water management, and water quality. Participants were impressed with the steps which have been taken to safeguard the environment.

Although the growers whose living depends on conserving soil and water are dedicated to safeguarding the environment, they are faced with an abundance of regulations and procedures which affect production practices and expansion plans. Our discussions focused on wetland policy and regulations and water quantity and quality concerns. It is clear that these regulations and their administrative procedures impose large financial and time delay burdens on this industry.

SCS programs, policies, and procedures support cranberry production. It is the policy of SCS "to aid in protecting, maintaining, managing and restoring wetlands to ensure continued realization of their beneficial values while protecting the soil and water resource base for a viable economic agricultural enterprise". We provide technical assistance to agricultural producers to assist them in solving resource and management problems associated with agricultural developmental and production practices. Our priorities for technical assistance are soil conservation and water quantity and quality. These priorities match cranberry growers greatest concerns. SCS stands ready to assist so long as growers agree to mitigate wetland values adversely affected by development and production practices. We believe cranberry growers are sincere practical environmentalists, and we want to help them maintain that image.

MYERS. From the story that they told me, it's a real problem. It looks like they won't be able to continue. I like cranberries, but I can get along without them. However, those poor farmers who have been making a living for several generations are having real problems right now.

Mr. SCALING. Yes, sir.

Mr. MYERS. I don't know what the answer is, but I told them I would look into it, so I would appreciate what you could add to it. Thank you.

Mr. SCALING. Thank you.

TREND IN AGRICULTURE

Mr. WHITTEN. Mr. Myers and I serve on the Public Works Subcommittee, Energy and Water they call it now. It's disturbing to me to see the trend that we have. Agriculture is our biggest industry, biggest dollar earner historically in world trade. It's the base for this country's whole economy.

We've been trying to point out that you couldn't kick agriculture in the teeth without the country going down. We started off years ago thinking like that, and we haven't changed our mind. It looks like what we thought has come to pass.

We have a debt of $3 trillion. More than any nation in the history of the world ever owed. What we've pointed out is happening.

The question we've got now is how are we going to handle it? We definitely can't do it by just cutting back. We're going to have to produce more than we need and sell it.

It's just as simple as that, and what we have been afraid of has come to pass. As I say again, I'm immensely appreciative of all my colleagues support for agriculture.

Every one of my colleagues has a key position on other committees in addition to this one. But this is basic—the stability and needs of America. We have a difficult time getting that across to people because there are so few left on the farm.

These people have been replaced by high priced equipment and pesticides and insecticides. While we're looking after the environment, we better not cut down on our food supply or our clothing.

So we need to keep a sense of balance, and I say for my colleagues here, they're always there when you need them on what's sound. We may differ a little bit about details, but not about the end result, which is to look after your base.

I yield to Mr. Watkins.

INCREASE IN CONSERVATION TECHNICAL ASSISTANCE

Mr. **Watkins**. Thank you, Mr. Chairman.

Welcome. We appreciate having you here. I've been here now ten years and I've been watching your budget and have tried to assist with increases when possible. I was concerned when I noticed there was not much of an increase for technical assistance money in the budget this year.

That's opposite of what my land owners are indicating to me the needs are to have timely technical assistance. Could we have some explanation of that situation?

Mr. **Scaling**. Mack, I'll let you handle that.

Mr. **Gray**. I seem to get all the easy ones today.

Mr. Watkins, we have an increase over 1990 in our conservation technical assistance program. Our fiscal year 1990 appropriation was $396.4 million, and the budget estimate for fiscal year 1991 is $424.3 million.

We do, in fact, have some increase in our technical assistance program, if I understand your question correctly.

CONSERVATION TECHNICAL ASSISTANCE FUNDING FOR OKLAHOMA

Mr. **Watkins**. I know there have been a lot of cutbacks in technical assistance in Oklahoma. I'd like to ask you why you're cutting back in Oklahoma and my district?

Mr. **Scaling**. I'll let Mr. Galen Bridge, Deputy for Programs, answer your question.

Mr. **Bridge**. Yes, Mr. Watkins. I think if we looked at the funding levels for Oklahoma historically, you would not see much change in funding, except a proportionate share of whatever the increases or decreases have been nationally.

I think what we're caught up in is the fact of the cost of doing business. We get a pay raise every year and the cost of providing benefits increases, yet there's a tendency for the budget to increase by maybe two or three percent, while the cost of living increases by maybe five or six percent annually.

As we get out at the State level, I know Oklahoma is experiencing problems in terms of maintaining their existing level of staffing with their budget right now. As a result, they're having to let some temporary employees go.

Mr. **Watkins**. Yes. I've witnessed that, and most of them have been in my district. I wondered if there is some reason.

Mr. **Bridge**. I'm not aware of any reason for that.

FUNDING FOR RC&D CONTRACTS

Mr. **Watkins**. Well, I'd like for you to look into it. I think it's time we had some increases in technical assistance. They must have some. It's disturbing to see a lot of my farm people indicating they cannot get timely assistance.

The personnel are shifted from one area to another area and traditional technical assistance is ignored.

I'd like to say, Mr. Scaling, I bring you greetings from your friend, Walt Wooley. He's a long, long time community farmer/rancher and advocate of soil conservation. He also serves on the Red Ark RC&D Board. He's been one of the tireless workers in that area.

It's my understanding that the same RC&D contracts will be fulfilled for next year. You all have got that proposed, and we can rely on that.

Mr. **Scaling**. Yes, sir.

Mr. **Watkins**. So I know that I can make him feel at ease when I go back and let him know that everything is working as it has in the past.

CONSERVATION TECHNICAL ASSISTANCE FUNDING

Mr. **Watkins**. Returning to the issue of technical assistance, since the passage of the 1985 Farm Bill, the focus of SCS has been on developing and implementing individual tract conservation plans, and working to recruit land for the conservation reserve program. You have indicated in your budgets that you did not need technical assistance money and that landowners would still be served with technical assistance by SCS. It's a great concern to conservation districts and landowners in Oklahoma that timely technical assistance is not being provided to them by the USDA-SCS. Due to the decisions made by SCS in Oklahoma, we have lost personnel in Konowa, McAlester, Talihina and Hollis, and the offices in Vallient and Rush Springs are scheduled to be closed.

Mr. Scaling, I would like to point out that most of these have been in my district.

On the other hand of this picture, we have seen increases in grade levels in at least seven offices. I am sure these people are well deserving of these increases but not at the expense of others totally losing their jobs. With more awareness of the environment and the increased interest in water quality and soil erosion, technical assistance must be a top priority to promote good stewardship of soil and to provide timely assistance to the public. Is it time to put more money into technical assistance?

Mr. SCALING. We believe that our 1991 budget does reflect the high priority placed on technical assistance. In recent years because of the work generated by the conservation requirements of the FSA, it has been difficult to provide all of the technical assistance that was requested in some other parts of the country. Our first priority has been to make sure that those who want to participate in USDA farm programs are not denied these benefits because they did not have an approved conservation compliance plan before the December 31, 1989, deadline set by the Food Security Act. We estimate that on a national basis 75% or more of our field staff was utilized to meet this deadline. At some locations, the entire field staff provided assistance only for Food Security Act compliance plans. The situation would have been worse if additional assistance had not been provided by district employees and volunteers.

The planning deadline has been met, and we are aware that it will take a tremendous effort to meet the application deadline set for December 31, 1994. Our 1991 budget would provide sufficient resources to get off to a strong start towards meeting this workload assuming that it is distributed fairly evenly over the 5 year period. We are conducting a more in-depth analysis of the application workload based on the completed FSA plans and will be carefully monitoring progress towards the 1995 deadline.

Mr. WATKINS. What is your budget proposing for technical assistance?

Mr. SCALING. Our conservation technical assistance budget request for 1991 is $424.3 million. This is an increase of $27.9 million over 1990. We propose to use $17.6 million of the increase for new water quality work.

Mr. WATKINS. Is this the number that SCS sent for OMB for approval?

Mr. SCALING. We requested about $11 million more from the Office of Management and Budget than is proposed in the 1991 budget.

Mr. WATKINS. What does your capability statement reflect for technical assistance for 1991?

Mr. SCALING. The budget includes an increase for water quality work and provides funds for half of the anticipated January 1991 3.5 perent pay raise and increased operating costs. The total requested for conservation technical assistance is $424,308,000 and 9,835 years.

NATIONAL ASSOCIATION OF CONSERVATION DISTRICT RECOMMENDATIONS

Mr. **Watkins**. Do you know what the National Association of Conservation District is recommending to be put into technical assistance?

On this whole issue of technical assistance, I think the statement that I got today from one of the people of my district best describes the situation with technical assistance available from SCS. He said . . . it was one time when SCS would come to you to encourage conservation practices and local cooperation. Now you rarely see them. We are not getting the technical assistance we need in the field.

Mr. **Scaling**. Yes, the National Association of Conservation Districts recommended a total of almost $900 million for the soil Conservation Service in 1991. We will provide a copy of their budget resolution for the record.

In response to the comments you received from your district about our level of technical assistance, the resources of SCS have been severely challenged with implementing FSA, meeting the wetland determination requirements, completing the conservation plans, and completing Conservation Reserve Program contracts. We have had to defer many of the priorities that are of concern to conservation districts such as providing services on rangeland, forest lands, and irrigation water management. We are tracking workload requirements for FSA implementation. Early indications are that additional technical assistance will be needed from some source if we are to be successful. Districts have been more than just supportive of the FSA effort and in fact have committed immeasurable resources to the effort. We have improved the efficiencies in our offices, but the application workload projections indicate our approach with regard to other priorities will need to be similar.

[The information follows:]

NACD recommended funding for fiscal year 1991

	Millions
Conservation operations:	
Ongoing	$496.0
FSA implementation	60.0
Water quality	35.0
River basins	12.5
Watershed planning	12.0
Watershed operations	200.0
RC&D	35.0
Great plains	25.0
Total	875.5
Transferred to SCS: Office of Surface Mining [RAMP]	20.0

WATER QUALITY TECHNICAL ASSISTANCE

Mr. **Watkins**. You have a water quality initiative contained within your proposed budget. How much of this initiative is geared to ground water? To surface water?

Mr. **Scaling**. Given the indistinguishable relationship between surface and ground water contamination it is impossible to define in a precise manner, the exact amounts of money directed specifically to each. We can, however, show relative amounts by noting that 15 of the 37 Hydrologic Units funded have a ground water component and seven of the eight demonstration projects deal with sources of ground water contamination. The Soil Conservation Service's contribution to these projects totals $2.3 million or 18 percent of our 1990 allocation. The remaining $10.7 million will be used to update technical standards and to support the implementation of conservation and management practices that have positive impact on both surface and ground water problems.

Mr. **Watkins.** How much of the water quality initiative is new money that is not taken from another account?

Mr. **Scaling.** Of the $44.1 million requested in the 1991 budget for the SCS component of the Department's Water Quality Initiative, $30.4 million is new money. We estimate that $13.7 million of the request is derived from the Conservation Technical Assistance Program and represents our base activities which were on-going prior to the initiation of our initiative.

WATER QUALITY TECHNICAL ASSISTANCE

Mr. **Watkins.** What does your capability statement reflect for water quality technical assistance for FY 1991?

Mr. **Scaling.** We will provide what was included in our capability statement for water quality technical assistance.

[The information follows:]

Fiscal Year 1991 Water Quality Technical Assistance

A Program increase of $17,623,000 to provide technical assistance in support of the Government-wide water quality initiative. This proposal is the second year of a Government-wide water quality initiative to respond to public concern about contamination of U.S. surface and ground waters from pesticides, nutrients, animal wastes, sediment and salinity; and to meet the requirements of the Water Quality Act (WQA) of the 1987 in conjunction with the Clean Water Act (CWA) of 1972. States and private individuals have significant responsibilities for controlling water pollution resulting from nonpoint sources, including agriculture. The USDA water quality initiative utilizes voluntary changes in conservation planning and application activities by landowners and users to reduce pollutants reaching the Nation's ground and surface waters. The additional $17.6 million and 201 SCS staff years will build on existing USDA efforts in this area. Technical assistance will be provided to plan and install water quality management practices delivered through SCS field offices with technical backup at the area, state, national technical centers, and national headquarters levels. To provide this level of technical assistance it will be necessary for SCS to increase emphasis on water quality training, obtain water quality and related research results, accelerate technology transfer, improve interagency cooperation, and increase on site assistance for planning and installation of appropriate management practices. Specifically, program components of the fiscal year 1991 budget initiative will strengthen ongoing SCS water quality activities as follows:

An additional $2.6 million for technical development and database development and management to provide field offices with methodologies and techniques for including water quality in ongoing conservation planning and application activities; for refinement of practice standards and specifications based on water quality research results; the development of soils interpretations; the development and implementation of Geographic Information System (GIS) technology and computer simulation models to ensure that USDA assistance is targeted to the most critical areas; the training of field office staff necessary to service the expanded program; and monitoring and evaluation activities, including the analysis of results and refinement of technical procedures.

An additional $1.2 million for regional projects to accelerate ongoing water quality technical assistance in nationally identified multi-State areas with critical water quality concerns. These areas include the Chesapeake Bay, Great Lakes, Tennessee

River Valley, Gulf of Mexico, Puget Sound and other estuaries of national significance, designated sole source aquifers, and wellhead protection areas as warranted.

NEW CONSTRUCTION STARTS, OKLAHOMA

Mr. **Watkins**. How many watersheds are yet to be constructed in Oklahoma and the Third Congressional District that have been put on hold because of the work on implementing the provisions of the 1985 Farm Bill?

Mr. **Scaling**. Of the 166 watersheds in application, planning and operation in Oklahoma, 61 are located in the Third Congressional District. We have not put any watersheds on hold because of the 1985 Farm Bill work. We have rotated construction activities from western Oklahoma to eastern Oklahoma during the last few years in order to balance construction and funding levels in the state as agreed to by the sponsors.

NORTH DEER CREEK WATERSHED PROJECT

Mr. **Watkins**. Could you provide for the record the current status of North Deer Creek Watershed, Oklahoma, and the timetable as to when construction might begin and when the project might be completed?

Mr. **Scaling**. The North Deer Creek watershed was approved for operations in December 1987. One multipurpose structure for flood prevention, recreation, and water supply for Pottawatomie County will be constructed. The contract for design of the structure will be awarded in July 1990. We plan to begin construction in Fiscal Year 1993, with project completion in Fiscal Year 1995.

MUD CREEK WATERSHED PROJECT

Mr. **Watkins**. What action has the Soil Conservation Service taken to move the Mud Creek Watershed Project, (South Central Oklahoma) forward? What is the current status and what action will SCS take to move toward construction?

Mr. **Scaling**. We updated a feasibility report for Mud Creek in 1986, and the watershed appears eligible and feasible under Public Law 566. The project sponsors have not submitted an application to the Oklahoma Conservation Commission. We do not anticipate additional Soil Conservation Service action until the application is made and a priority is established by the Oklahoma Conservation Commission.

RED ARK DEVELOPMENT AUTHORITY

Mr. **Watkins**. I commend you for the direction taken in your budget to enhance the RC&D's work in rural economic development and the expansion of the number of RC&D's. What is the status of the RC&D contract with RedArk Development Authority?

Mr. **Scaling**. In 1989 the RedArk Development Authority expanded their agreement with the State's Department of Corrections to supply their fruit and vegetable needs year round for eleven institutions. The Authority is now working with local growers to contract additional crops to meet their needs.

The Authority developed a catfish processing plant to develop the industry and create production and employment opportunities in the area. This industry has now expanded to 1,500 water acres used for catfish production.

IMPACT OF RC&D ASSISTANCE ON RURAL LIFE

Mr. WATKINS. What has been the impact of this contract on rural economic development to this region of Oklahoma and to other areas of the country where this concept might be replicated?

Mr. SCALING. With 98 reporting operators, catfish sales for 1989 were nearly $1 million. The Catfish Journal has recognized Oklahoma as one of the top six states in catfish production. The Authority is currently working to develop and operate a water resources information/tourist center to provide education and tourist information on all types of water resource projects in the area. This will expand the recreation opportunities in the area and create additional employment opportunities as well as provide water resource information to potential industries.

Mr. WATKINS. Based on the results oriented actions of this group, is the SCS supportive of continuing this contract?

Mr. SCALING. The RC&D Program places its emphasis on the Department's rural development initiative, and the RC&D councils have the ability to seek out the assistance of rural development specialists and programs authorized from many sources for the development and implementation of their rural development plans. The RC&D Program helps people help themselves, and the SCS certainly supports any efforts that achieve this.

WATERFALL-GILFORD WATERSHED PLAN

Mr. WATKINS. What is the current status of Waterfall-Gillford Watershed, Oklahoma?

Mr. SCALING. The Waterfall-Gillford Watershed plan includes 11 single purpose flood prevention sites and 45.1 miles of channel work. All 11 dams have been constructed. Channel construction has not been started. The project has been given a commenced determination under the Food Security Act. A Section 404 Permit is necessary before construction can begin. There are wetlands involved which may be controversial?

BRAZIL CREEK WATERSHED PLAN

Mr. WATKINS. What is the current status of Brazil Creek Watershed, Oklahoma?

Mr. SCALING. The Brazil Creek application for planning was received in April 1956 and it was approved for planning in November 1987. We will complete the planning in December 1990.

Mr. WHITTEN. Mr. Durbin.

CRITERIA FOR SELECTING WATER QUALITY DEMONSTRATION PROJECTS

Mr. DURBIN. Thank you, Mr. Chairman. Thank you, ladies and gentlemen.

There was an interesting survey that came out in the Chicago newspapers several months ago concerning the home State of my seatmate here, Neil Smith. A State agency did a survey of water quality in the well water of the State of Iowa and if I'm not mistaken, found that about 50 percent of it was contaminated either with agricultural chemicals or some form of bacterial contamination.

I don't know of a similar study in the State of Illinois, though we are in the process of conducting one, but I would hazard a guess that we may have similar concerns after that survey is completed.

Those of us who live in rural areas have towns with fairly large populations that rely on reservoirs and lakes for our water supply.

In the towns of Springfield and Decatur, which I represent in Illinois, that is the case. Most of these lakes which date back to WPA, have a serious problem with siltation, and they have continuing concerns about the chemical residues that are finding their way into the lake from sources on the farm and off. I think that when you start to assess this problem and how to reckon with it, you come back, ultimately, to your area of jurisdiction, soil conservation and water conservation.

I note that you have funds in your budget and the authority to fund water quality demonstration projects.

Can you tell me what kind of criteria are used for that purpose?

Mr. SCALING. I will ask Galen Bridge to answer that. That's in his area.

Mr. BRIDGE. We look at several types of issues, and the first one is, obviously, what kind of a contribution do we feel that agriculture is making to that particular source of water quality problem in terms of the receiving waters.

We also rely rather heavily on the State 319 process as it's been defined in the Clean Water Act to set program priorities. We cooperate with the State Clean Water Agencies to make sure that their assessments and ours are consistent, and that our activities are targeted to those areas with the greatest need.

Thirdly, we look at those issues to make sure that local people are willing and able to deal with their water quality problems in a meaningful way.

In other words, we want to pick projects where there is the interest and concern on the part of the producers out there to do something about their water quality problems.

WATER QUALITY EFFORTS IN UPSTREAM AREAS

Mr. DURBIN. One of the areas that I represent, Decatur, has such a problem, and the city is prepared to commit rather substantial resources to dredging.

The difficulty, of course, is that the experts have indicated to the city that even after dredging, some 20 years from now, the problem will be back again.

So it really begs the question to talk about local contribution from the city if we don't address the more serious problem upstream that is causing this siltation and creating the need to dredge in the first instance.

What efforts are being taken by the Soil and Water Conservation Service to address water quality problems, particularly in the rural areas?

Mr. BRIDGE. Well, again, we're focusing our efforts to those high priority areas identified through the 319 process and through the Department's Water Quality Initiative.

FUNDING FOR SCS WATER QUALITY INITIATIVE

Mr. **Durbin**. Excuse me. How much money is being allocated for this purpose?

Mr. **Bridge**. About $44 million by the Soil Conservation Service, on a National basis.

Mr. **Durbin**. I think we would all agree that that is a rather limited amount of money for the National problem that we face.

Mr. **Bridge** That's right. Now, please recognize at the same time that we're trying to involve our other ongoing programs in addressing water quality activities when we're working with producer daily on those issues on his or her particular farm.

We do have a targeted effort of about $44 million, but considering the contribution of our traditional programs it's a little broader than that, really.

MAGNITUDE OF WATER QUALITY PROBLEMS IN RURAL AREAS

Mr. **Durbin**. I would suggest, and I think all of us could agree, that you could take almost any State in the Midwest and use the $44 million and not make an impact beyond one Congressional District.

I can tell you where to spend $44 million right in my district and exactly where it's needed, and I'm sure every other member of the subcommittee and every member of Congress could find a similar need.

I worry that if we are unable to protect such basic resources as water, particularly in rural areas, whether all of the debate, which is usually led by my colleague, Mr. Watkins, about rural development, will ultimately lead to anything.

I know this goes far beyond your jurisdiction but it's a problem as we look to the future of this country, that many on this Subcommittee and many in Congress worry about.

I thank you for joining us today.

Thank you, Mr. Chairman.

Mr. **Whitten**. Mr. Skeen?

PRIORITIES AND TECHNICAL ASSISTANCE FOR RANGE IMPROVEMENT PROGRAMS

Mr. **Skeen**. Thank you, Mr. Chairman, and welcome to all of you.

I think that the discussion has revolved around a very crucial point, and that is balance. I understand that along with balance you've got priorities.

Along with priorities, you've got a tilt to the table that goes to priorities when it comes to funding. We understand that very well here, as well as you do. I think you've emphasized that, particularly in the area of food security and water quality.

Of course, from my part of the country, some of the Plains areas out there, we'll take water no matter what the quality is.

What we're very concerned about is the reduction of funding and personnel problems that you have in the Range Improvement Programs, particularly within the Conservation Program.

We're receiving an awful lot of discussion about that. I can understand the priorities and the flow of funding and the rest of it, but I hate to see us nullify the progress that we've made in range improvement. I'd just like some comment from you on where we stack up in the priorities, particularly for these Range Improvement Programs, and also the technical assistance that goes with that.

Mr. **Scaling**. I guess I'll handle that one.

Mr. **Skeen**. You liked that one. That was right over the middle.

Mr. **Scaling**. No, that's probably about the hottest one we've had today.

IMPACT OF COMPLIANCE PLANNING UPON DISTRICT PRIORITIES

Mr. Skeen, a few years ago when the 1985 Food Security Act was enacted, the intent of Congress, in my interpretation, was that every farmer and rancher was to have a compliance plan on highly erodible cultivated acreage by December 31, 1989.

That became our goal in the Soil Conservation Service, to have a plan for every producer that was producing on highly erodible land.

Also, if you will recall, we had a budget problem then, as we still seem to have a tight budget.

Mr. **Skeen**. It's chronic.

Mr. **Scaling**. Sir?

Mr. **Skeen**. It's chronic.

Mr. **Scaling**. Well, it seems to be, but at any rate, I directed the entire effort of the Soil Conservation Service toward that end of getting a compliance plan for every producer, because I was determined that was the way we could meet Congress' intent.

I knew this agency could perform. I knew it could do it. This is a very professional agency. In concentrating our efforts on conservation compliance, we let our level of forestry assistance slip, we let our range assistance slip, and believe me, range is very dear to my heart since I am in the cattle business, and we let our irrigation, water management and some other conservation activities slip.

We let the priorities of our district partners slip in order to concentrate on getting these compliance plans done. Along the way in doing that, I visited with all our district partnership throughout the Nation. I visited with forest people, irrigation people, range people, and I gave them my word that if they would stay with me through this so we could get the compliance plans done, to do the impossible, make an unworkable task work, then we would come back after we got our compliance plans done and pick up some of their priorities that we had let slip.

Mr. Skeen, we're back providing technical assistance to the range resource. We never really left the range, the forestry, or the irrigation business.

We concentrated our effort toward getting these plans done. We've got them done. Now that we've got them done, as I said previously, our next hurdle is to have them implemented.

Mr. Skeen, we have to go back and pick up the priorities of our partners in soil conservation districts of the United States.

We have to get back into this vast range resource which makes up about half the private land in this Nation. We have to get back on that, we have to keep this going, because, as you have suggested it's a juggling act.

We have to get back into forestry. As you know, President Bush has emphasized a program that Ms. Kearney is heading up called America the Beautiful.

We have a responsibility in conjunction with the districts on planting trees. We have to get back into irrigation and water management.

We are back providing irrigation and water management assistance. We never really left it, but we concentrated on a different effort. These are our top priorities.

Water quality and quantity is a top priority of the agency, along with soil erosion. You can have soil erosion or soil movement on any type of highly erodible soil in the United States.

We have to plant more trees and establish additional shelter belts. We have to replace a lot of conservation measures that have disappeared over the last 20 or 30 years.

So we're there. But, I can't ask my people to do any more than what they've already done.

They've given me 1,000 percent, where most folks only give you 100 percent. The Soil Conservation Service and soil conservation districts have got the lead on working with private land owners on private land in the United States.

That's where we are, that's where we're going to stay. Any help you might give us would be greatly appreciated, sir.

IMPACT OF FSA ON PROGRAM EMPHASIS

Mr. **Skeen**. Well, like the Texans always say, we're here to help. What I'm concerned about is the emphasis and have we drifted away.

Also, I understand the problems and the onuses that you're working under. You've got a tremendous problem, particularly in trying to effectively utilize personnel. And you've done an outstanding job of that.

The problem has been in emphasis. For instance, you get people who are range specialists, but you've got a compliance program going, you've got these compliance plans, and you want to get them implemented and so forth. The range specialist then works on the compliance plans.

I think what's happened is we're pulling a lot of personnel out of some of these areas to send them somewhere else.

Mr. **Scaling**. Mr. Skeen, we are going back in those areas.

REEMPHASIS OF PROGRAMS TOWARD DISTRICT PRIORITIES

Mr. **Skeen**. Well, that's the whole focus of the question, when are we going to come back to the emphasis, when are we going to put some money back into it?

Mr. **Scaling**. We committed emphasis to local priorities about November of last year after we finished our compliance planning.

Actually, SCS got back into providing range technical assistance about eight or nine months ago, after I saw that we were going to be able to meet the deadline for completing conservation planning activities.

Mr. **Skeen**. Fine. I have some questions relative to that on specifics.

RANGE IMPROVEMENT WORK

Mr. **Skeen**. Are you seeing an increase or decrease on the national level in the demand for range improvement work?

Mr. **Scaling**. The workloads in range improvement have remained relatively stable, but the demand appears to be growing now that the planning deadline for the conservation compliance provisions of the 1985 Food Security Act have been met. This is particularly true where educational efforts on the benefits of improved range management have been concentrated. We have put an additional $1.18 million into the state allowances for special range activities to foster these educational efforts. Services on rangeland remain a high priority for the agency. We intend to provide an increased level of assistance.

Mr. **Skeen**. Is there any additional money in the Administration's fiscal year 1991 budget request that would be used for range improvement programs? If so, how much additional money will be available?

Mr. **Scaling**. The fiscal year 1991 budget request for the Soil Conservation Service does not propose additional funds specifically for range improvement. However, range improvement programs would benefit from increases proposed in 1991 for conservation technical assistance activities and the Great Plains Conservation Program. The Great Plains Conservation Program will provide $3.6 million more to install permanent conservation practices on about 384,000 more acres of land than in 1990. A portion of the $27.9 million increase proposed for conservation technical assistance activities will be used to improve the water quality efforts and to ensure that the current level of technical assistance estimated for 1990 continues in 1991 in the plains States.

Mr. **Skeen**. Please provide a look at the workloads in range improvement projects before and after the passage of the Food Security Act, specifically from FY 84 to FY 90.

Mr. **Scaling**. The agency does not have a current national workload estimate for rangeland. The 1987 National Resources Inventory summarizes that 187.1 million acres are in fair condition and 58.0 million acres are in poor condition. Only 137.0 million acres are considered in excellent and good condition. Because range condition deteriorates very quickly and recovers very slowly, repeated technical assistance on range management is required. During the 1984 to 1989 period, SCS has been impacting about 30 million acres of range per year compared to the total of 245.1 million acres that would benefit from assistance.

Mr. **Skeen**. Please tell me what, if any, backlog of range improvement work is pending.

Mr. **Scaling**. We do have a backlog of range improvement work in the area of ecologically sound management and effective follow up. This workload is concentrated in the Great Plains States where a large percentage of the Conservation Reserve Program sign-up and conservation compliance planning for the Food Seccurity Act occurred. Much of our rangeland suffers from multiple problems. Degradation of arid and semi-arid rangelands can occur over a very short time frame, but recovery takes long periods of time. We are losing the battle with brush encroachment which may increase erosion hazards. Brush species are extravagant users of water. Water is a priority issue in the lives of both the farm and non-farm populace. Technical assistance with improved grazing management recommendations can retard brush invasion and initiate installation on needed conservation practices. Based on the 1987 National Resource Inventory, we believe that 215 million acres of rangeland need management for improvement, 67 million acreas need weed control or brush management for forage, 65 million acres need erosion control, and 21 million acres need forage reestablishment with brush management.

Mr. SKEEN. Finally, I would like for you to tell me what needs to be done by the Soil Conservation Service to get the needed resources for range improvements to our ranchers and farmers?

Mr. SCALING. The greatest need is in the area of technical assistance. This technical assistance is to develop ecologically and economically sound options for the producers to consider in the management of their vegetative, animal and water resources. Range improvement is a long term process. We are currently providing technical assistance for about 30 million acres per year in addition to the Great Plains Conservation Program technical and cost share assistance that we provide.

Mr. SKEEN. I appreciate the response, but it is a large concern, and I'm glad to have had this exchange with you, because there's the feeling sometimes that we're forgetting.

I know that you don't, because you're looking at the whole spectrum.

RANGELAND AQUIFERS

Mr. SCALING. Some of the most important aquifers here in the United States are under rangeland.

Mr. SKEEN. There's no question about it. The Ogalala being one of them, it affects my State, and we have a tremendous problem because we've got a lot of land area that has watershed potential. We know it contributes not only to our own water resource but it also takes management right at the very top.

If you don't go to the headlands and the flatlands, you're in trouble.

CREDIBILITY WITH PRIVATE LANDOWNERS

Mr. SCALING. One other thing I might add, the Soil Conservation Service has got a tremendous credibility and a tremendous amount of respect from private sector ranchers and farmers throughout this Nation.

Mr. SKEEN. Absolutely.

Mr. SCALING. I think it's very important, especially now, probably more important than it's ever been, for SCS to continue that leadership on private land, working in irrigation and water management, and range treatment because we do know how to work with private land owners. We leave a good taste in their mouth, and we're always asked to come back.

Mr. SKEEN. I appreciate the response very much, and thank you for that.

Mr. WHITTEN. Mr. Scaling, we appreciate very much your statement and the job you do.

The law says that appropriated money shall be spent for the purposes of which appropriated, and the way to tell what it was appropriated for is the report of this committee.

That's the law, and I had to call that to the attention of the OMB Director several years ago. So don't overlook the fact that the best evidence of what was intended is the report that accompanies the appropriation.

I don't know whether you're familiar with that. I'm calling it to your attention. Now, I can't quarrel with you about going ahead with this planning on the ground that if there's no plan, you're out of work.

I oppose that law, I don't think it's sound, but it was the law. I call your attention to the fact that the best evidence of what the Congress intended is in the appropriation report.

Mr. Weber, do you want to go vote and come back?

Mr. WEBER. No, Mr. Chairman. If it's all right with you, I'll try to be real brief.

Mr. WHITTEN. We can cooperate with your desires.

SWAMPBUSTER

Mr. WEBER. Thank you, Mr. Chairman.

I want to welcome all the guests today. I'll be very brief, because I know we don't have much time.

First of all, I want to commend you on your proposal in this year's budget for allowing the planting of perennial crops on ACR land.

As you know, I had a bill similar to that that I've introduced 2 years ago. We had a State cost sharing component of our bill, and you don't in yours, but I really appreciate the Department's interest in this issue and we want to work with you on it.

Since we don't have much time, I need to get to our favorite topic, which is Swampbuster.

Mr. SCALING. I knew you were going to ask that. Mr. Weber?

Mr. WEBER. Yes?

Mr. SCALING. When you do, Mac Gray helped draft Swampbuster legislation on your ACR land, so he's the one to ask.

Mr. WEBER. Thank you, Mac. You did a good job there.

Wilson, you were out in Redwood Falls, Minnesota, those 500 farmers loved you, but they aren't necessarily happy with the ultimate solutions to our Swampbuster problems.

I'm not going to focus on every problem, because I really do appreciate the attitude and the cooperation that we've had. The biggest problem I'm hearing these days from my producers is that there still is a lack of coordination among the agencies, and they can't get a straight answer out of one agency.

Tell me what I should tell to a farmer who says, "Who do I go to to get a definitive, bottom line answer about a Swampbuster problem?"

Who do they go to?

Mr. SCALING. The Soil Conservation Service.

LOSS OF PROGRAM BENEFITS UNDER SWAMPBUSTER

Mr. **Weber**. Okay. Let me give you a specific example, and I'll try to be brief. We've got a good producer out in my district that wanted to tile a quarter of an acre of land and was told he could do so by the ASCS and went ahead and did it, and now has been told by SCS that he is in violation, and he's already lost $30,000 in program benefits and potentially could lose $60,000 in program benefits, for a quarter of an acre which the ASCS had told him he could go ahead and tile. How can I help this producer?

Mr. **Scaling**. Well, I'm going to let Mack answer that.

Mr. **Gray**. If you give us the name, we'll look into it.

Mr. **Weber**. I appreciate it.

Mr. **Gray**. I think that would be the best thing to do in that situation.

COOPERATION ON SWAMPBUSTER PROVISIONS

Mr. **Weber**. I appreciate that, and I'll do it. I really do mean it when I say that the Soil Conservation Service have been very cooperative, you in particular, Wilson, have been very helpful, but just be aware that the your good will has not solved all the problems, and it may be greater in my part of the country where we have the prarie potholes issues.

Mr. **Scaling**. Mr. Weber, as you know, after I was in Redwood Falls, I had the rug jerked out from under me on this end of it.

Mr. **Weber**. I know you did.

Mr. **Scaling**. I think I went back and talked to you and several of your producers and told them what had happened, that things had changed.

Mr. **Weber**. They know what happened to you.

Mr. **Scaling**. When I spoke to your producers we were developing the interim Swampbuster rules, and the rules changed from the interim to the final stages.

Mr. **Weber**. SCS has a good reputation in our part of the country, and people know that the problems are in the writing of the regulations, but it is a serious problem.

When you start costing hardworking producers lots of money, we've got to find some way of solving that kind of a problem.

Mr. **Scaling**. Mr. Weber, that's the first time I've heard anybody say that they actually knew somebody that lost benefits.

Usually, when I'm at a Congressional hearing, I'm not able to provide an example of a producer who lost program benefits under Swampbuster.

Mr. **Weber**. I think you're right. There aren't many losers. I think most of the problems are solved ahead of time.

Mr. **Scaling**. They are.

Mr. **Weber**. I know we've got to answer a vote, so I thank you, Mr. Chairman.

Mr. **Whitten**. Thank you very much. Our colleague Mrs. Boggs has some questions she would like answered for the record. We all are very proud of the work that's been done by SCS backthrough the years. We have changing conditions, and I realize you try to meet them, and we appreciate it.

Mr. **Scaling**. Thank you, sir.

GOLDEN MEADOW PLANT MATERIAL CENTER

Ms. BOGGS. What is the status of the Plant Materials Center at Golden Meadow, LA?

RESPONSE. Development of the Golden Meadow Center is progressing well. Approximately 320 strains of three species are being evaluated now. A contract will be let soon to construct an office, conference area and a shop. Equipment purchases are proceeding and plans are nearly complete to develop an additional 50 acres made available to the Center by The Louisiana Land and Exploration Company. Work will start on the new land in fiscal year 1991. Negotiations are underway with the Louisiana Department of Natural Resources to share in the cost of an additional employee to support work at the center.

Ms. BOGGS. What is the budget request for support of this center?

RESPONSE. The fiscal year 1990 budget for the operation of this center is $194,000 for technical assistance and $129,000 for nonrecurring needs. The 1991 budget request will provide the same level of technical assistance adjusted for anticipated increased operating costs and the January 1991 pay raise. An estimated $143,000 will be available for nonrecurring costs to upgrade the center.

Ms. BOGGS. Please outline any accomplishments of the Golden Meadow Center in the past year.

RESPONSE. The Golden Meadow Plant Materials Center released Vermilion smooth cordgrass in the spring of 1989. This was a major accomplishment. Significant progress has been made in developing propagation methods that will allow rapid multiplication of Vermilion commercially through the use of tissue culture. Excellent cooperative relationships have been developed between Louisiana State University, the Louisiana Department of Natural Resources and the Center. A second year cooperative agreement with the Crowley Rice Experiment Station was recently signed.

Ms. BOGGS. What are its near term goals?

RESPONSE. There are three near term goals. The first goal is to finalize the techniques needed for successful re-establishment of smooth cordgrass into a wide variety of site conditions in the Louisiana coastal marshes. The second goal is to develop and release superior varieties of giant cutgrass, gulf cordgrass and a seed propagated variety of smooth cordgrass. The third goal is to develop an aquatic and wetland commercial nursery industry in Louisiana to supply the demand as new varieties of plant materials come into the market.

TECHNICAL ASSISTANCE FOR WETLANDS IN LOUISIANA

Ms. BOGGS. The Service currently provides technical assistance to landowners in Louisiana in planning and implementing plans to protect and restore wetlands in Louisiana. Please describe this effort and the Service's future intentions regarding this support.

RESPONSE. The effort to protect and restore wetlands in Louisiana is coordinated with all the appropriate local, state, and Federal agencies. Although each site requires specific treatment, generally the sites are protected from salt water intrusion with mechanical measures and then the areas have vegetation reestablished. As technology improves, the effort will be expanded within the limits of technical assistance resources. The state conservationists in the Gulf Coast area are organizing and coordinating their efforts to address the need on a multi-state basis. The effort is so new that the potential workload has not been assessed.

We are cooperating with the Army Corps of Engineers and the Louisiana Department of Natural Resources on studying the coastal marsh areas. A plant materials center is in operation and specifically working on plants and planting techniques in the wetland areas. We have also provided some limited technical assistance under our Small Watersheds program.

Ms. BOGGS. What support does the SCS provide to the efforts of State government in Louisiana to preserve coastal wetlands?

RESPONSE. We provide technical assistance support to the effort by working with the individual landowners. We are currently providing planning, engineering design, plant materials, and vegetative management assistance.

WETLAND PRESERVATION

Ms. BOGGS. Please describe the River Basin and Watershed program? How can this program be used to assist wetlands preservation efforts in Louisiana?

RESPONSE. The River Basin and Watershed Programs provide technical and financial assistance to local public agencies for planning and installing measures for the purposes of preserving, protecting, conserving, utilization, and improvement of the nation's land and water resources. River basin studies generally form the basis for coordinated programs between federal, state, and local groups. A good example is the East Central Barataria Cooperative River Basin Study in Louisiana. The objective is to investigate alternative ways to prevent large scale saltwater inflow into the coastal marsh and thereby, protect the marsh from severe erosion. Cooperating agencies included county coastal zone offices, county environmental control offices, Louisiana University Marine Consortium, LSU Center for Wetland Resources, COE, EPA, USGS, National Marine Fisheries Service, and the Fish and Wildlife Service. Planning activities were related to the Governor's priority "Save Our Coastline" theme. The study was completed in 1988. Two PL 83-566 preauthorization planning reports for Lake Salvador and Bayou DuPont-Grand Bayou were prepared as a result of this study. An example of wetlands impacts of watershed projects can be seen in the completed Cameron-Creole Watershed of Cameron Parish. This project protects a major portion of the Sabine National Wildlife Refuge as well as other wetland areas. A dike along the east shore of Calcasieu Lake prevents salt water intrusion and high tidal flooding. Water levels in the refuge and adjacent wetlands can be completely controlled by manipulating six water control structures in the dike.

The Sabine-Calcasieu Cooperative River Basin Study is currently being carried out. A three-year plan of work is being developed to prepare a comprehensive plan to evaluate all related resources contributing to the loss of wetlands and loss of fish and wildlife habitat. Local implementation plans that address the severe marsh erosion, deterioration of water quality, and the loss of coastal wetlands will be prepared as a result of the study.

NO NET LOSS OF WETLANDS

Ms. BOGGS. Are these programs adequately funded in order to meet President Bush's goal of "no net loss" of wetlands?

RESPONSE. Yes, we think so. Under the watersheds program it has long been our policy to compensate for any wetland losses by replacing them with areas of equal or greater habitat value.

WETLAND PRESERVATION

Ms. BOGGS. Are there any recommendations for improvements in these programs as they affect wetlands preservation efforts in Louisiana?

RESPONSE. We believe the Watershed Protection and Flood Prevention Act, Public Law 566, gives us ample latitude to address wetland preservation efforts in Louisiana and elsewhere as demonstrated by the two projects cited earlier.

PRESIDENTIAL WETLANDS POLICY

Ms. BOGGS. Please describe any other efforts by the Service to respond to the President's wetlands' policy.

RESPONSE. In addition to our Food Security Act wetland activities and our efforts in the coastal marshes, there are two significant national technical assistance activities. The first is the completion of wetland inventories. Although this effort is conducted preliminary to the wetland determination process, there are additional uses for the inventory information beyond the Food Security Act. We are entering this information into our field office computer data bases.

The second effort is the actual restoration of wetlands. For example, in California, we are providing technical assistance to local landowners to reestablish wetland areas. This effort is being coordinated with the Fish and Wildlife Service and the Agricultural Stabilization and Conservation Service. We are still learning in these initial cases but the demand for this type of assistance appears to be growing. Part of our activity is provided as support under the expanded use of the Conservation Reserve Program for wetlands restoration and the remainder is done under the Water Bank program.

BIOGRAPHICAL SKETCH FOR PATRICIA KEARNEY

Patricia Kearney currently serves as Acting Assistant Secretary for Natural Resources and Environment, U.S. Department of Agriculture. Prior to this assignment, she served as Secretary Yeutter's Chief of Staff.

Ms. Kearney previously served as Transition Leader for Agriculture and played a key role in the Bush/Quayle '88 Campaign as Deputy Director of Communications for the 1988 Republican National Convention. She also served as a member of Governor John Sununu's transition staff.

Prior to this, Ms. Kearney was President of PMK Associates, a strategic marketing and communications firm. She also served in the Reagan White House as Director of Communications for private sector initiatives. During an earlier tenure at USDA, Kearney served as an assistant to the Secretary and director of private sector initiatives as well as nutrition advisor to the Assistant Secretary for Food and Consumer Services.

Before coming to Washington, D.C., Kearney was at the Harvard Medical Area where she served as senior nutritionist at the Brigham & Women's Hospital and lectured at the Harvard Medical School of Public Health.

Kearney received her B.S. from Simmons College in Boston and her Masters degree from Tufts University.

Ms. Kearney resides in Alexandria, Virginia and is a native of Massachusetts.

Statement of Patricia Kearney, Acting Assistant Secretary for Natural Resources and Environment, before the House Subcommittee on Rural Development, Agriculture, and Related Agencies.

Mr. Chairman and members of the Committee, I am pleased to be here today in support of the 1991 budget request for the Department's Soil Conservation Service (SCS).

I want to assure you that conservation is a high priority of the Secretary and this Administration. We are committed to an active Federal role in the protection of our soil, water, and related resources. This budget is evidence of our commitment. It is the strongest conservation budget proposed in recent years. It supports continued implementation of the conservation provisions of the 1985 Food Security Act (FSA) under which historic levels of soil savings are being achieved. It permits us to move forward with an expanded level of assistance for the improvement of water quality. Funding for traditional conservation programs remains in place to restore and protect basic land and water resources. We appreciate the support this committee has provided to our work in all these areas.

Last year the Administration proposed and Congress endorsed a major program to address agricultural related water quality problems. The program is built on the premise that farmers, ranchers, and other land users can be encouraged to adopt improved, environmentally sound management practices that deal effectively with identified water quality problems, and do so in ways that do not sacrifice farm profitability.

As both a practical matter, and as a matter of policy, we continue to believe the preferable way to address agricultural related water quality problems is through programs that encourage voluntary changes in farming practices. There is a 33 percent increase in funding for the overall initiative which includes research; education and technical assistance; data collection and analysis; and financial assistance. SCS, with its expertise in designing practical, environmentally sound farming systems, and its field structure that reaches throughout the country, has a major responsibility in designing and implementing this program. The budget request for SCS activities directly related to the initiative is $44.1 million, a 66 percent increase from 1990. This, of course, represents only those activities that are directly focused on the initiative. SCS also makes very significant contributions to water quality through other programs carried out for soil erosion or water management related reasons.

Secretary Yeutter reminded us that enactment of a new farm bill will also command our attention in the upcoming year, and he outlined some of the proposals the Administration has put forth. Clearly, conservation and environment programs will again be the focus of a lot of attention. Implementation of these programs has been, and continues to be, a high priority for policy officials, program managers, and agency cooperators. Accomplishments have been impressive. Enrollment in the Conservation Reserve Program has reached 34 million acres yielding annual soil erosion savings equivalent to about one-fifth of the total soil erosion on the Nation's cropland. Conservation planning has been completed on 134 million acres, almost one-third of the cropland in the U.S.

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SCS is now helping farmers and ranchers implement these plans in a practical, reasonable and cost-effective manner. We believe we have a good system in place for monitoring progress, managing the workforce and estimating budget resources needed to meet statutory deadlines.

The budget reaffirms the Department's commitment to administering the FSA swampbuster provisions in a reasonable and technically consistent manner. SCS is moving ahead to complete wetland determinations as soon as possible in response to producer concerns. We don't want producers to inadvertently lose their farm program benefits because they don't have the information they need to make good management decisions.

Finally, traditional conservation programs will remain in place to reduce excessive soil erosion, improve water quality, conserve water supplies, reduce upstream flood damages, and improve range resources. Past accomplishments under these ongoing programs have been significant. We recognize the need to rely on these proven methods of assistance to continue to meet the priority soil and water conservation needs of this country. We are pleased that funding levels for these programs this year are closer to levels set by Congress than has been the case in recent years.

That concludes my prepared statement, Mr. Chairman. Mr. Scaling will provide an overview of the SCS budget request and answer any questions you may have.

SOIL CONSERVATION SERVICE

Statement of Wilson Scaling, Chief, Soil Conservation Service, before the House Subcommittee on Rural Development, Agriculture, and Related Agencies.

Mr. Chairman and members of the Committee, it is a privilege to be here today to discuss the fiscal year 1991 budget proposals for the Soil Conservation Service.

I believe we have before us a realistic and positive budget proposal that will ensure the continued protection of our Nation's soil and water resources. Funding is requested at $725.4 million or about the same as the 1990 funding level. This budget would permit us to step up our efforts to protect the quality of surface and groundwater; to place additional agricultural lands in the Great Plains region under long-term contracts to protect these fragile and important resources; and to expand the number of Resource Conservation and Development areas we assist. Assistance for helping producers comply with the conservation provisions of the Food Security Act would continue, as well as support for other priority soil and water resource needs under existing conservation programs.

FOOD SECURITY ACT PROGRESS

Assisting agricultural producers meet the conservation requirements of the Food Security Act continues as our top priority. I am pleased to report that the job of developing conservation plans on highly erodible lands as required by the law is done. Every producer who needs a plan knows it, and everyone who wants a plan has a plan. Over the last three years, this has involved the development of conservation plans on about 134 million acres of highly erodible land covering some 1.5 million farms. This tremendous accomplishment is a perfect example of the effectiveness of our conservation partnership. Farmers and ranchers, conservation districts, volunteers, and our own employees, working side-by-side, made this happen.

Of course, our job under conservation compliance is far from over. Our attention will now be turned to helping producers implement their plans, a job which must be done by the end of 1994. We are still in the process of defining the size of this workload, and will keep you informed in this regard. We know it will be a big job, but we look forward to all the conservation that will be going on the land as a result of the efforts of the entire conservation partnership.

I should also mention that we are moving ahead to complete the job of making wetland determinations. Our commitment to complete these determinations by December 31, 1991, still stands. Wetland inventories are underway in over 900 counties and will continue in an additional 900 counties through 1992 to identify wetland with high potential risk for conversion to cropland. Landowners need to know where they stand under the law, and we intend to do everything possible to make these determinations reasonable, practical, and technically sound.

We believe that the conservation programs of the 1985 farm bill have been successful and enjoy widespread support among farmers. The anticipated soil loss reduction for the 34 million acres now enrolled under the Conservation Reserve Program is estimated at 656 million tons per year. Significant reductions in erosion from other highly erodible lands as well as water quality, wildlife habitat, and other benefits are also being realized as compliance plans are put into place.

The FY 1991 budget includes an increase of $3.2 million to maintain the current level of assistance under our conservation technical assistance program for Food Security Act work and the other ongoing conservation activities carried out under this program. Supporting activities to conduct soil surveys, operate our plant materials centers, and carry out the snow survey program would also continue at the 1990 operating level.

WATER QUALITY

Our other top national priority is the protection and enhancement of water quality and quantity. The budget proposes a total of $44.1 million, an increase of $17.6 million above the 1990 level, to continue and expand SCS water quality technical assistance as part of a coordinated governmentwide initiative. USDA has a key leadership role in this initiative which is directed at the prevention of surface and groundwater contamination from nonpoint sources which includes agricultural activities.

The Department's approach to working with the agricultural sector on the issue of water quality is based on:

-- A voluntary, nonregulatory approach to conservation;

-- Commitment to protecting water resources without jeopardizing the economic vitality of U.S. agriculture;

-- Full cooperation between government agencies at the Federal, State, and local levels, and with the private sector; and

-- Respect for private sector rights and responsibilities.

We believe that farmers and ranchers continue to be the most concerned citizens this Nation has when it comes to water quality and quantity. They know that agriculture must assume responsibility for prudent management of soil, irrigation water, agri-chemicals, and animal waste.

SCS, along with the Extension Service, has responsibility for providing farmers and ranchers with the information they need to voluntarily adopt technically sound and cost effective management practices that protect water resources. Existing and emerging research results must be translated into preventative measures that fit local conditions. With funds provided by the Congress for fiscal year 1990, we are moving ahead with a program to carry out this responsibility.

A vital part of this initiative is to make sure that our field staffs have the technical knowledge and skills they need to work effectively with our clientele. The budget includes a total of $7.5 million, $2.6 million above the 1990 level, to develop appropriate technical standards and specifications for conservation practices that address water quality concerns, and to train our people in the proper application of these techniques.

The remaining funds, $36.6 million, an increase of $15 million above the 1990 level, is to provide expanded assistance targeted to areas with identified water quality improvement needs. Agricultural watershed areas, or hydrologic units, have been selected in 37 states to receive special assistance in 1990, and another 37 areas would be designated in 1991 under this budget proposal.

Ongoing technical assistance targeted to certain regional programs that address multi-state water quality problems, such as in the Great Lakes, the Chesapeake Bay, the Gulf of Mexico, and the Tennessee River Valley would be increased. In addition, eight projects have been funded in 1990 to demonstrate farmers' willingness to adopt newly developed conservation measures that more effectively manage agricultural uses of nutrients and pesticides. The 1991 budget request would fund eight additional projects for this purpose.

On all of these projects we're working cooperatively with the Extension Service, Agricultural Stabilization and Conservation Service, the Environmental Protection Agency, U.S. Geological Survey, and State and local units of government. We recognize that the leadership for nonpoint source water quality concerns rests primarily with State and local governments who should call the shots when it comes to establishing water quality standards and setting priorities. The success of this whole effort depends upon cooperation, coordination, and communication at all levels; and on flexible programs that are technically and economically sound. We believe we are off to a good start towards meeting these objectives.

OTHER BUDGET AND PROGRAM INITIATIVES

The budget includes an increase of $3.6 million for the Great Plains Conservation Program. Persistent drought and record levels of land damaged by wind erosion continue to plague this important agricultural area. Wind erosion damage on cropland and rangeland in the Great Plains, although below the record-breaking highs of 1988, remains nearly 60 percent above the 20 year average. The Great Plains Conservation Program has a proven track record for helping farmers and ranchers protect their fragile soils from erosion and conserve limited water supplies. Under this program, conservation plans are the basis for long-term contracts between the private land user and the Federal government. Total resource management systems are put into place on the entire operating unit. Federal cost-share assistance ranging from 25 to 80 percent of the costs incurred by program participants for installation of eligible conservation practices is provided. Currently, about 16 million acres of land in the 518 designated counties are under about 5,000 active contracts. The 1991 budget would permit us to sign over 1,100 new contracts on an estimated 3.2 million acres, an increase of about 14 percent above the 1990 level. A recommendation that the authorization for the Great Plains Conservation Program, due to expire on September 30, 1991, be extended for another ten years is included with the Department's 1990 Farm Bill proposals.

At the direction of the Congress, and with funds provided for 1990, we have just recently authorized four new Resource Conservation and Development (RC&D) areas. These new areas covering 15.5 million acres in 19 counties are in the states of Pennsylvania, Tennessee, Utah, and the northern panhandle of West Virginia. This brings the total number of authorized RC&D areas to 194. The 1991 budget proposes to add two more new areas for a total of 196.

This program enables us to support rural revitalization by helping local communities work together to identify natural resource and economic needs, set priorities, develop plans of action, and tap resources available from local, State and Federal sources and the private sector to the fullest extent possible. Through the efforts of RC&D councils and local sponsoring organizations, local communities have improved water supplies and community facilities, marketed local products, reduced erosion, provided flood protection, and improved recreational facilities

The 1991 budget emphasizes the technical assistance role provided by SCS through RC&D area coordinators. Funds available for financial assistance would be reduced as local sponsors are increasingly able to obtain funding from other sources to implement area plans.

WATER RESOURCE ACTIVITIES

A reduced level of funding is proposed for SCS water resource programs including River Basin Surveys and Investigations, Small Watershed Planning, and Watershed and Flood Prevention Operations. We have been working to make these programs more efficient and effective by a number of management actions. These include conducting a careful priority-setting process at the local level; emphasizing cost-effective measures such as land treatment, small on-farm nonstructural measures; and by encouraging local sponsors to assume a greater share of the costs of this work. Efforts are ongoing to work with local watershed project sponsors to remove from our inventory of work those projects that we agree are no longer needed or feasible due to economic or environmental concerns. Over $200 million worth of planned work has already been eliminated through this process.

We recognize the good record of accomplishment achieved through these programs. We also recognize the need to meet viable program commitments. The 1991 budget would enable us to continue high priority work underway to reduce erosion and flood damages; improve the management, conservation, and quality of water; and support continued rural development.

That concludes my prepared statement, Mr Chairman. I will provide for the record tables showing a summary of the 1991 budget for SCS by account and program, and a listing of funds appropriated by state and local governments for soil conservation programs for fiscal year 1990. With the help of my staff, I will be happy to answer your questions.

SOIL CONSERVATION SERVICE
FY 1991 Budget
(In thousands of dollars)

		FY 1990	FY 1991		
	FY 1989 Actual	Current Estimate a/	Pay Cost	Program Changes	Total Request
CONSERVATION OPERATIONS:					
1. Technical Assistance	$386,694	$396,426	+$7,050	+20,832	$424,308
2. Soil Surveys	68,203	68,075	+1,148	+589	69,812
3. Snow Surveys & Water Forecasting	5,494	5,447	+69	+47	5,563
4. Operation of Plant Materials Centers	5,043	7,161	+81	+73	7,315
Total, Conservation Operations	465,434	477,109	+8,348	+21,541	506,998
RIVER BASIN SURVEYS AND INVESTIGATIONS:					
1. USDA Cooperative Studies	8,143	8,306	+120	-1,432	6,994
2. Flood Plain Management Assistance	2,463	2,512	+29	-425	2,116
3. Interagency Coordination & Program Formul..	1,445	1,474	+22	-255	1,241
Total, River Basin Surveys and Investigations.	12,051	12,292	+171	-2,112	10,351
WATERSHED PLANNING AUTHORIZED BY PL-566	8,651	8,824	+113	-2,062	6,875
WATERSHED AND FLOOD PREVENTION OPERATIONS:					
1. Watershed Operations Authorized by PL-534:					
a. Technical Assistance	13,412	13,640	+218	-591	13,267
b. Financial Assistance for construction	12,779	12,170	-0-	-5,297	6,873
c. Loan Services	80	79	-0-	-1	78
Subtotal, Flood Prevention	26,271	25,889	+218	-5,889	20,218
2. Emergency Watershed Protection Operations..	10,000	19,855	+41	-9,855	10,041
3. Small Watersheds authorized by PL-566:					
a. Technical Assistance	52,269	53,758	+853	-1,387	53,224
b. Financial Assistance for construction	83,658	81,193	-0-	-13,736	67,457
c. Loan Services	175	172	-0-	-0-	172
Subtotal, Watershed Operations	136,102	135,123	+853	-15,123	120,853
Total, Watershed & Flood Prevention Operations	172,373	180,867	+1,112	-30,867	151,112
GREAT PLAINS CONSERVATION PROGRAM:					
1. Cost-sharing assistance	12,229	12,603	-0-	+2,848	15,451
2. Cost-share program and contract admin	2,638	2,650	+48	+242	2,940
3. Technical Assistance	5,607	5,631	+102	+513	6,246
Total, Great Plains Conservation Program	20,474	20,884	+150	+3,603	24,637
RESOURCE CONSERVATION AND DEVELOPMENT:					
1. Technical Assistance	18,330	20,235	+375	+1,905	22,515
2. Financial Assistance	6,730	6,961	-0-	-4,673	2,288
3. Loan Services	60	59	-0-	-0-	59
Total, Resource Conservation and Development..	25,120	27,255	+375	-2,768	24,862
Subtotal, SCS Appropriated Funds	704,103	727,231	+10,269	-12,665	724,835
RURAL ABANDONED MINE PROGRAM	(12,000)	(12,000)	(-0-)	(-9,886)	(2,114)
TRUST FUNDS	887	560	-0-	-0-	560
TOTAL, SOIL CONSERVATION SERVICE	$704,990	$727,791	+$10,269	-$12,665	$725,395
Ceiling Staff Years	13,954	14,177			13,821

a/ FY 1990 Appropriation Act net of the 1.4% Gramm-Rudman-Hollings sequester and appropriation transfers.

FUNDS APPROPRIATED BY STATE AND LOCAL GOVERNMENTS FOR CONSERVATION PROGRAMS
FISCAL YEAR 1990

STATE	STATE GOVERNMENT	LOCAL GOVERNMENT	TOTAL
ALABAMA	$4,100,500	$912,230	$5,012,730
ALASKA	72,500	1,000	73,500
ARIZONA	905,344	677,041	1,582,385
ARKANSAS	1,328,000	1,414,000	2,742,000
CALIFORNIA	3,131,000	1,274,000	4,405,000
COLORADO	904,375	595,443	1,499,818
CONNECTICUT	3,351,100	598,900	3,950,000
DELAWARE	4,121,000	904,000	5,025,000
FLORIDA	5,203,000	2,692,753	7,895,753
GEORGIA	3,010,000	2,710,000	5,720,000
HAWAII	8,524,938	2,239,418	10,764,356
IDAHO	2,369,889	135,850	2,505,739
ILLINOIS	7,608,137	2,270,316	9,878,453
INDIANA	11,765,775	3,274,571	15,040,346
IOWA	16,781,347	1,447,023	18,228,370
KANSAS	9,688,896	2,364,151	12,053,047
KENTUCKY	5,213,600	2,866,200	8,079,800
LOUISIANA	3,156,000	229,000	3,385,000
MAINE	559,403	533,530	1,092,933
MARYLAND	11,401,784	5,192,883	16,594,667
MASSACHUSETTS	357,000	444,500	801,500
MICHIGAN	4,686,064	1,735,503	6,421,567
MINNESOTA	32,730,200	21,824,000	54,554,200
MISSISSIPPI	357,808	3,518,506	3,876,314
MISSOURI	21,503,725	265,187	21,768,912
MONTANA	4,589,417	1,115,196	5,704,613
NORTH CAROLINA	9,959,995	7,203,311	17,163,306
NORTH DAKOTA	825,000	1,029,350	1,854,350
NEBRASKA	5,698,693	25,706,027	31,404,720
NEW HAMPSHIRE	46,745	238,286	285,031
NEW JERSEY	1,678,947	5,185,697	6,864,644
NEW MEXICO	283,146	693,730	976,876
NEW YORK	15,450,000	4,103,000	19,553,000
NEVADA	11,253	166,744	177,997
OHIO	7,332,150	3,978,368	11,310,518
OKLAHOMA	4,158,206	2,222,868	6,381,074
OREGON	811,284	1,378,636	2,189,920
PACIFIC BASIN		510,748	510,748
PENNSYLVANIA	2,599,000	2,830,000	5,429,000
PUERTO RICO	8,819,314	457,798	9,277,112
RHODE ISLAND	35,000	14,700	49,700
SOUTH CAROLINA	2,994,700	1,559,655	4,554,355
SOUTH DAKOTA	429,650	714,200	1,143,850
TENNESSEE	876,385	1,715,583	2,591,968
TEXAS	3,951,949	95,344,047	99,295,996
UTAH	7,510,200	701,192	8,211,392
VERMONT	430,200	37,700	467,900
VIRGINIA	8,909,270	2,080,450	10,989,720
WASHINGTON	4,980,536	3,091,292	8,071,828
WEST VIRGINIA	4,453,213	1,178,200	5,631,413
WISCONSIN	5,908,900	14,319,576	20,228,476
WYOMING	3,530,200	629,010	4,159,210
TOTAL	269,104,738	238,325,369	507,430,107

SOIL CONSERVATION SERVICE

Purpose Statement

The Soil Conservation Service (SCS) was established pursuant to Public Law 74-46, known as the Act of April 27, 1935, (16 U.S.C. 590a-590f). Technical programs are carried out in cooperation with conservation districts and other sponsoring local organizations. SCS provides technology transfer through soil conservation districts to landusers, communities, watershed groups, Federal and State agencies, and other cooperators with erosion control and water management problems to bring about needed land treatments and physical adjustments in land use. The purpose is to improve and conserve soil and water resource quantity and quality, improve agriculture, and reduce damage caused by floods and sedimentation.

The Soil Conservation Service has general responsibility for administration of the following programs of the Department of Agriculture:

Conservation Operations is authorized by Public Law 74-46, (16 U.S.C. 590a-590f). Activities include:

1. Conservation technical assistance provided to district cooperators and other landusers in the planning and application of conservation treatments to control erosion and improve the quantity and quality of soil resources, improve and conserve water, enhance fish and wildlife habitat, conserve energy, improve woodland, pasture and range conditions, and reduce upstream flooding; all to protect and enhance the natural resource base.

Information regarding national inventories and appraisals of the resource base are provided to states, districts and other organizations. Technical assistance is provided to monitor and develop effective conservation programs.

2. Soil surveys are made to inventory the Nation's basic soil resources and to determine land capabilities and conservation treatment needs. Soil survey publications include interpretations useful to cooperators, other Federal agencies, State and local organizations.

3. Snow survey and water forecasting from basic data collected to provide estimates of annual water availability from high mountain snow packs and relating this to summer stream flow in the western States and Alaska. Information is used by agriculture, industry, and cities in estimating future water supplies.

4. Operation of plant materials centers to assemble, test, and encourage increased use of plant species which show promise for use in the treatment of conservation problem areas.

River Basin Surveys and Investigations

This program is authorized by the Watershed and Flood Prevention Act, Public Law 83-566, Section 6, August 4, 1954, (16 U.S.C. 1006).

The program involves cooperation with other Federal, State, and local agencies in the conduct of river basin surveys and investigations, flood hazard analysis, and flood plain management assistance to aid in the development of coordinated water resource programs, including the development of guiding principles and procedures. SCS represents the Department on river basin regional entities and River Basin Interagency Committees for coordination among Federal Departments and States.

Watershed Planning

This activity is carried out under the Watershed and Flood Prevention Act, as amended, Public Law 83-566, August 4, 1954, (16 U.S.C. 1001-1008). The program consists of (a) making preliminary investigations to assess proposed small watershed projects in response to requests made by sponsoring local organizations and (b) providing assistance to sponsors in the development of watershed work plans. SCS is responsible for development of guiding principles and procedures.

Watershed and Flood Prevention Operations. Activities under this program include:

1. Watershed Operations authorized by Public Law 78-534

SCS administers watershed works of improvement authorized by the Flood Control Act of 1944 (33 U.S.C. 701b-1).

Flood prevention operations include planning and installing works of improvement for flood prevention and for the conservation, development, utilization, and disposal of water. This may also include the development of recreational facilities and the improvement of fish and wildlife habitat. Activities are authorized in 11 specific flood prevention projects covering about 11 million acres.

2. Emergency operations authorized by Section 216, Public Law 81-516, (33 U.S.C. 701b-1) and Sections 403-405, Public Law 95-334, (16 U.S.C. 2203-2205)

Emergency operations provide for the installation of emergency measures for runoff retardation and soil-erosion prevention, in cooperation with landowners and landusers, as the Secretary deems necessary to safeguard lives and property from floods, drought, and the products of erosion on any watershed whenever fire, flood, or any other natural occurrence is causing or has caused a sudden impairment of that watershed.

3. Small Watersheds authorized by Public Law 83-566, as amended, (16 U.S.C. 1001-1008)

This program provides for cooperation with local sponsors, State, and other public agencies in the installation of planned works of improvement in approved watershed projects. Such works of improvement reduce erosion, floodwater, and sediment damage. They also further the conservation, development utilization, and disposal of water, including the development of multipurpose facilities for such uses as recreation, improvement of fish and wildlife habitat, irrigation, and water supply to municipal and industrial users.

Great Plains Conservation Program

The Great Plains Conservation Program is authorized by Public Law 84-1021, as amended, (16 U.S.C. 590p (b)). The program's objective is to bring about a long-term solution to problems resulting from drought and the cultivation of land unsuited for sustained crop production in the 10 Great Plains States. Activities include:

1. Cost-sharing of permanent conservation practices under long-term contracts with farmers and ranchers in designated counties in the 10 Great Plains States.

2. Cost-share programming and contract administration and technical assistance to help make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules.

Resource Conservation and Development Program

Section 102 of the Food and Agriculture Act of 1962 (Public Law 87-703), (7 U.S.C. 1010-1011) and Sections 1528-1538 of the Agriculture and Food Act of 1981 (Public Law 97-98) provide authority to assist locally sponsored Resource Conservation and Development Projects to conduct programs of land conservation and use in areas where acceleration of present conservation activities are needed and where projects add economic opportunities to the people.

Program Administration: The Soil Conservation Service maintains its central office in Washington, D.C. Most of its activities are carried out in about 3,050 field offices in the 50 States, Puerto Rico, and the Pacific Basin Area serving Guam, the Northern Mariana Islands, and American Somoa. Four technical service centers provide program coordination and technical support. This includes services such as engineering, watershed planning, cartographic work, soil mechanics laboratories, information, professional help in agronomy, soils, biology, forestry, plant materials, range conservation, and other technical work. As of September 30, 1989, there were 12,440 full-time employees and 1,992 part-time, intermittent, and other employees. Of these, 461 full-time employees and 19 other employees were located in Headquarters.

Soil Conservation Service
Available Funds and Staff-Years
1989 and Estimated, 1990 and 1991

ITEM	1989 Actual		1990 Estimated		1991 Estimated	
	Amount 1/	Staff-Years	Amount	Staff-Years	Amount	Staff Years
Soil Conservation Service:						
Conservation Operations...	$465,434,292	10,431	$477,109,000	10,436	$506,998,000	10,637
River Basin Surveys and Investigations...........	12,051,000	224	12,292,000	221	10,351,000	181
Watershed Planning.........	8,651,000	168	8,824,000	167	6,875,000	126
Watershed and Flood Prevention Operations..........	172,373,000	1,568	180,867,000	1,487	151,112,000	1,330
Great Plains Conservation Program..................	20,474,000	188	20,884,000	186	24,637,000	196
Resource Conservation and Development..............	25,120,000	433	27,255,000	441	24,862,000	445
Total..................	704,103,292	13,012	727,231,000	12,938	724,835,000	12,915
Deduct allotments to other agencies:						
FS......................	-4,355,344	-78	-4,919,600	-70	-3,667,000	-50
FmHA....................	-315,000	-10	-310,500	-11	-309,000	-10
Net......................	699,432,948	12,924	722,000,900	12,857	720,859,000	12,855
Obligations under other USDA appropriations:						
Reimbursements for technical services to:						
Agricultural Conservation Program (ASCS)...........	8,287,615	288	9,118,000	304	8,800,000	288
Experimental Rural Clean Water Program (ASCS)....	1,007,316	25	1,010,000	24	1,010,000	24
Water Bank Program (ASCS)	386,730	14	400,000	14	570,000	19
Emergency Conservation Program (ASCS)...........	411,865	11	200,000	5	-0-	--
Conservation Reserve Prog.2/	6,546,696	150	17,000,000	374	4,000,000	86
Colorado Salinity Program	1,584,463	41	3,877,000	96	5,613,000	136
Foreign Details and Assignments (OICD)......	799,152	12	1,067,000	15	1,067,000	15
Soil Survey (FS)..........	296,405	5	308,000	5	308,000	5
Accelerate Soil Surveys..	238,569	5	248,000	5	248,000	5
Other: planning and application..............	208,200	--	215,000	--	215,000	--
Hazardous Waste Management	108,792	--	173,000	--	166,000	--
Reimbursement for other services for:						
Facilities: Rent, phone, utilities, etc............	3,782,185	1	3,949,000	1	3,949,000	1
Proceeds of sales.........	180,081	--	216,000	--	216,000	--
Miscellaneous.............	1,579,478	12	1,681,000	12	1,681,000	12
Total, Other USDA Appropriations......	25,417,547	564	39,462,000	855	27,843,000	591
Total, Agriculture Appropriations......	724,850,495	13,488	761,462,900	13,712	748,702,000	13,446
Obligations under other Federal appropriations:						
Reimbursement for technical services for:						
Soil surveys (Interior)..	1,045,800	26	1,085,000	26	1,085,000	26
Accelerate Soil Surveys..	784,604	22	825,000	22	825,000	22
Other: planning and application..............	1,751,547	36	2,132,000	38	2,132,000	38
Acid rain (EPA)..........	440,967	11	458,000	11	458,000	11

Available Funds and Staff-Years 1989 and Estimated, 1990 and 1991 - Continued

ITEM	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Snow Survey and Water Forecasting	81,948	1	85,000	1	85,000	1
Plant Materials Center Operations	46,700	--	50,000	--	50,000	--
Cooperative surveys (RB)	38,000	1	167,000	4	167,000	4
Flood Insurance Studies: (HUD)	405,999	12	406,000	14	280,000	10
Reimbursement for other services for:						
Facilities: Rent, phone, utilities, etc	31,940	--	50,000	--	50,000	--
Proceeds of sales	121,524	--	158,000	--	153,000	--
Financial assistance	1,318,908	--	2,220,000	--	2,220,000	--
Miscellaneous	1,217,871	20	1,630,000	20	1,756,000	22
Allocation from Other Federal Agencies:						
Rural Abandoned Mine Program (DOI-OSM)	12,542,332	109	12,101,926	101	2,114,000	11
Obligations under non-Federal Funds:						
Reimbursement for technical service for:						
Planning and application	1,777,850	38	2,227,000	39	2,393,000	41
Accelerate Soil Surveys	4,553,400	126	4,700,000	126	4,700,000	126
Snow Survey and Water Forecasting	31,787	--	48,000	--	48,000	--
Plant Materials Centers Operations	51,931	--	56,000	--	56,000	--
A&E Contracts	14,706	--	-0-	--	-0-	--
Cooperative River Basin Surveys	208,365	8	267,000	9	269,000	9
Watershed Planning	128,500	3	233,000	6	236,000	6
Abandon Mine Reclamation	42,920	2	45,000	2	45,000	2
Reimbursement for other non-federal services for:						
Facilities: Rent, phone, utilities, etc	1,080,699	--	1,157,000	--	1,157,000	--
Proceeds of sales	487,328	--	620,000	--	616,000	--
Financial Assistance	4,327,997	--	9,006,000	--	9,070,000	--
Miscellaneous	1,902,451	35	2,073,000	34	2,073,000	34
Trust funds:						
Small Watershed and RC&D projects and soil surveys	886,851	16	553,000	12	560,000	12
Total Reimbursements and Other Funds	60,740,472	1,030	81,814,926	1,320	60,441,000	966
Total, Soil Conservation Service	$760,173,420	13,954	$803,815,826	14,177	$781,300,000	13,821

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	13,954	14,177	13,821
Non-ceiling	185	185	184
Total	14,139	14,362	14,005

1/ Conservation Operations - Excludes $21,478 carryover for FY 1989 and $2,393 carryover for FY 1990.
Watershed and Flood Prevention Operations - Excludes $27,883,892 carryover for FY 1989 and $23,138,588 carryover for FY 1990.
Great Plains Conservation Program - Excludes $57,257 carryover for FY 1989 and $51,443 carryover for FY 1990.
Resource Conservation and Development - Excludes $2,265,556 carryover for FY 1989 and $2,205,200 carryover for FY 1990.

2/ Funding shows amounts actually used or anticipated.

UNITED STATES DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1989 and Estimated 1990 and 1991

Grade	1989			1990			1991		
	Head-quarters	Field	Total 1/	Head-quarters	Field	Total 1/	Head-quarters	Field	Total
ES-6	1	0	1	1	0	1	1	0	1
ES-5	7	0	7	7	0	7	7	0	7
ES-4	9	1	10	9	1	10	9	1	10
ES-3	3	0	3	3	0	3	3	0	3
ES-2	2	2	4	2	2	4	2	2	4
ES-1	0	0	0	0	0	0	0	0	0
GS/GM-15	48	53	101	48	58	106	48	57	105
GS/GM-14	97	126	223	97	138	235	97	132	229
GS/GM-13	100	596	696	100	633	733	100	614	714
GS-12	40	1,388	1,428	40	1,465	1,505	40	1,426	1,466
GS-11	19	3,549	3,568	19	3,740	3,759	19	3,644	3,663
GS-10	1	3	4	1	3	4	1	3	4
GS-9	12	1,675	1,687	12	1,768	1,780	12	1,720	1,732
GS-8	12	230	242	12	243	255	12	236	248
GS-7	33	1,690	1,723	33	1,782	1,815	33	1,736	1,769
GS-6	32	879	911	32	928	960	32	903	935
GS-5	21	951	972	21	1,003	1,024	21	977	998
GS-4	14	604	618	14	637	651	14	620	634
GS-3	4	185	189	4	195	199	4	190	194
GS-2	0	8	8	0	8	8	0	8	8
GS-1	0	5	5	0	5	5	0	5	5
Other Graded Positions	7	0	7	7	0	7	7	0	7
Ungraded Positions	0	47	47	0	50	50	0	48	48
Total Perm. Positions	462	11,992	12,454	462	12,659	13,121	462	12,322	12,784
Staff-Years:									
Ceiling	449	13,505	13,954	449	13,728	14,177	449	13,372	13,821
Non-Ceiling 2/	11	174	185	11	174	185	11	173	184
TOTAL	460	13,679	14,139	460	13,902	14,362	460	13,545	14,005

1/ Includes positions for Rural Abandoned Mine Program.

2/ Includes staff-years for stay-in-school positions.

SOIL CONSERVATION SERVICE

CLASSIFICATION BY OBJECTS

1989 and 1990 and 1991

		FY 1989	FY 1990	FY 1991
Personnel Compensation:				
	Headquarters	$19,331,851	$21,007,534	$21,865,554
	Field	353,312,573	357,880,466	371,615,446
11	Total personnel compensation	372,644,424	378,888,000	393,481,000
12	Personnel benefits	74,835,798	77,668,000	82,153,000
13	Benefits for Former Personnel	526,040	515,000	522,000
	Total personnel compensation & benefits	448,006,262	457,071,000	476,156,000
Other Objects:				
21	Travel	18,232,359	18,372,000	18,978,000
22	Transportation of things	4,791,987	4,846,000	5,052,000
23.2	Rental payments to others	17,422,068	16,111,000	16,898,000
23.3	Communications, utilities and miscellaneous charges	20,922,320	23,368,000	24,316,000
24	Printing and reproduction	4,323,864	4,287,000	4,455,000
25	Other services	36,152,700	37,451,000	39,680,000
	Construction contracts	69,561,064	94,788,000	56,909,000
26	Supplies and materials	14,321,840	14,727,000	14,577,000
31	Equipment	23,957,118	21,963,000	21,953,000
32	Land and structures	107,098	107,000	111,000
41	Grants, subsidies and contracts	45,841,116	54,179,000	41,652,000
42	Insurance claims and indemnities	101,752	99,000	103,000
43	Interest and dividends	18,211	19,000	19,000
44	Refunds	(4)	0	0
	Total other objects	255,753,493	290,317,000	244,703,000
Total direct obligations		$703,759,755	$747,388,000	$720,859,000
Position Data:				
	Average salary, ES positions	$76,272	$78,320	$92,056
	Average salary, GS/GM positions	$29,761	$30,832	$31,912
	Average Grade, GM/GS positions	9.13	9.11	9.11

UNITED STATES DEPARTMENT OF AGRICULTURE
Soil Conservation Service

Personnel Summary
FY 1989 Actual

	Agency 1/	Full-Time	Other 2/	Overtime & Holidays Worked	Total Staff Years
Conservation Operations	SCS	9,433	1,087	42	10,562
River Basin Surveys and Investigations.......	SCS	205	8	--	213
	FS	11	2	--	13
	Subtotal	216	10	--	226
Watershed Planning.....	SCS	159	7	--	166
	FS	3	--	--	3
	Subtotal	162	7	--	169
Watershed and Flood Prevention Operations	SCS	1,393	119	33	1,545
	FmHA	8	--	--	8
	FS	52	8	--	60
	Subtotal	1,453	127	33	1,613
Great Plains Conservation Program.........	SCS	181	9	--	190
Resource Conservation and Development......	SCS	375	57	--	432
	FmHA	2	--	--	2
	FS	2	--	--	2
	Subtotal	379	57	--	436
Total Direct Program...	SCS	11,746	1,287	75	13,108
	FmHA	10	--	--	10
	FS	68	10	--	78
	Subtotal	11,824	1,297	75	13,196
Reimbursable Programs..	SCS	765	140	--	905
Miscellaneous Contributed Funds..........	SCS	10	6	--	16
Allocation from DOI (Abandoned Mine)......	SCS	104	6	--	110
Total Program..........	SCS	12,625	1,439	75	14,139
	FmHA	10	--	--	10
	FS	68	10	--	78
	Total	12,703	1,449	75	14,227

1/ SCS: Soil Conservation Service
FS: Forest Service
FmHA: Farmers Home Administration

2/ Includes non-ceiling staff-years for the stay-in-school program.

UNITED STATES DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE

Personnel Summary by Organization Level
FY 1989

	Average GS & GM Salary 1/	Average GS & GM Grade 1/	Average Salary - Ungraded 1/	Total Staff-Years 2/
Washington Headquarters.........	$41,241	11.30	N/A	460
Technical Service Centers......	$38,081	10.68	$26,229	482
Other National Units...........	N/A	N/A	N/A	142
State Offices..................	$29,020	8.99	$22,734	1,457
State Technical Specialists....	N/A	N/A	N/A	663
Plant Materials Centers........	N/A	N/A	N/A	116
Miscellaneous State Units......	N/A	N/A	N/A	634
Area Office Staffs.............	N/A	N/A	N/A	1,519
Miscellaneous Area Units.......	N/A	N/A	N/A	1,318
Field Office Staffs............	N/A	N/A	N/A	7,348
Subtotal, SCS Direct, Reimbursable and Miscellaneous Contributed Funds............	$29,761	9.13	$25,251	14,139
Allocations to Other Agencies:				
Farmers Home Administration..			--	10
Forest Service................			--	78
Subtotal, Allocations........			--	88
Total..........................	N/A	N/A	N/A	14,227

1/ This is not figured below the State Office level.
2/ Includes 185 nonceiling staff years.

SOIL CONSERVATION SERVICE
(SCS Only)
Salaries and Expenses
FY 1989 Actual
(Dollars in Thousands)

	Total Obligations	Conservation Operations	River Basin Surveys and Investigations	Watershed Planning	Watershed and Flood Prevention Operations	Great Plains Conservation Program	Resource Conservation and Development
Management and Program Direction:							
Washington Headquarters........	$28,881	$22,163	$709	$224	$4,772	$166	$847
State Offices..................	67,045	49,093	2,209	1,375	10,780	680	2,908
Technical Service Centers......	2,749	2,240	25	104	346	5	29
SUBTOTAL.....................	98,675	73,496	2,943	1,703	15,898	851	3,784
%............................	16.82	15.80	26.40	20.33	21.52	10.34	19.14
Technical Support:							
State Technical Specialists....	32,230	23,823	1,449	724	5,381	247	606
Technical Service Centers......	7,740	6,144	151	414	808	82	141
Other National Units...........	190	190	--	--	--	--	--
SUBTOTAL.....................	40,160	30,157	1,600	1,138	6,189	329	747
%............................	6.85	6.49	14.35	13.58	8.38	4.00	3.78
Program Operations:							
Technical Service Centers......	19,007	12,905	384	857	4,630	53	178
Plant Materials Centers........	4,354	4,305	--	--	49	--	--
Other National Units...........	23,153	18,875	378	291	2,958	403	248
Miscellaneous State Units......	28,019	9,264	4,340	4,100	9,510	12	793
Area Office Staffs.............	63,957	51,983	291	78	8,622	1,034	1,949
Miscellaneous Area Units.......	50,091	29,088	178	3	10,692	--	10,130
Field Office Staffs............	259,075	235,011	1,035	209	15,328	5,546	1,946
SUBTOTAL.....................	447,656	361,431	6,606	5,538	51,789	7,048	15,244
%............................	76.33	77.71	59.25	66.09	70.10	85.66	77.08
TOTAL..........................	$586,491	$465,084	$11,149	$8,379	$73,876	$8,228	$19,775
%..............................	100.00	100.00	100.00	100.00	100.00	100.00	100.00

	Total Obligations	Conservation Operations	River Basin Surveys and Investi-gations	Watershed Planning	Watershed and Flood Prevention Operations	Great Plains Conservation Program	Resource Conservation and Development
Organizational Summary:							
Washington Headquarters........	$28,881	$22,163	$709	$224	$4,772	$166	$847
State Offices..................	67,045	49,093	2,209	1,375	10,780	680	2,908
State Technical Specialists....	32,230	23,823	1,449	724	5,381	247	606
Technical Service Centers......	29,496	21,289	560	1,375	5,784	140	348
Plant Materials Centers........	4,354	4,305	--	--	49	--	--
Other National Units...........	23,343	19,065	378	291	2,958	403	248
Miscellaneous State Units......	28,019	9,264	4,340	4,100	9,510	12	793
Area Office Staffs.............	63,957	51,983	291	78	8,622	1,034	1,949
Miscellaneous Area Units.......	50,091	29,088	178	3	10,692	--	10,130
Field Office Staffs............	259,075	235,011	1,035	209	15,328	5,546	1,946
TOTAL SCS....................	586,491	465,084	11,149	8,379	73,876	8,228	19,775
Cost-Share/Construction.......	117,269	--	--	--	100,396	12,252	4,621
TOTAL SCS OBLIGATIONS NET...	703,760	465,084	11,149	8,379	174,272	20,480	24,396
FmHA.........................	315	--	--	--	255	--	60
FS...........................	4,355	--	827	212	2,591	--	725
Subtotal....................	4,670	--	827	212	2,846	--	785
TOTAL OBLIGATIONS, NET OF REIMBURSEMENTS...............	$708,430	$465,084	$11,976	$8,591	$177,118	$20,480	$25,181

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Operations

> For necessary expenses for carrying out the provisions of the Act of April
> 27, 1935 (16 U.S.C. 590a-590f) including preparation of conservation plans
> and establishment of measures to conserve soil and water (including farm
> irrigation and land drainage and such special measures for soil and water
> management as may be necessary to prevent floods and the siltation of
> reservoirs and to control agricultural related pollutants); operation of
> conservation plant materials centers; classification and mapping of soil;
> dissemination of information; acquisition of lands by donation, exchange, or
> purchase at a nominal cost not to exceed $100; purchase and erection or
> alteration or improvement of permanent and temporary buildings; and
> operation and maintenance of aircraft, [$481,000,000] $506,998,000; of which
> not less than [$5,494,000] $5,563,000 is for snow survey and water
> forecasting and not less than [$7,234,000] $7,315,000 is for operation and
> 1 establishment of the plant materials centers: Provided, [That of the
> foregoing amounts not less than $355,000,000 is for personnel compensation
> and benefits: Provided further,] That except for $1,841,000 for
> improvements of the plant materials centers, the cost of any permanent
> building purchased, erected, or as improved, exclusive of the cost of
> constructing a water supply or sanitary system and connecting the same to
> any such building and with the exception of buildings acquired in
> conjunction with land being purchased for other purposes, shall not exceed
> $10,000, except for one building to be constructed at a cost not to exceed
> $100,000 and eight buildings to be constructed or improved at a cost not to
> exceed $50,000 per building and except that alterations or improvements to
> other existing permanent buildings costing $5,000 or more may be made in any
> fiscal year in an amount not to exceed $2,000 per building: Provided
> further, That when buildings or other structures are erected on non-Federal
> land that right to use such land is obtained as provided in 7 U.S.C. 2250a:
> Provided further, That no part of this appropriation may be expended for
> soil and water conservation operations under the Act of April 27, 1935 (16
> U.S.C. 590a-590f) in demonstration projects: Provided further, That this
> appropriation shall be available for employment pursuant to the second
> sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) and
> not to exceed $25,000 shall be available for employment under 5 U.S.C. 3109:
> Provided further, That qualified local engineers may be temporarily employed
> at per diem rates to perform the technical planning work of the Service (16
> 2 U.S.C. 590e-2) [: Provided further, That none of the funds in this Act shall
> be used for the purpose of consolidating equipment, personnel, or services
> of the Soil Conservation Service's national technical centers in Portland,
> Oregon; Lincoln, Nebraska; Chester, Pennsylvania; and Fort Worth, Texas into
> a single national technical center].

The first change in language proposes deletion of the language establishing a floor on the amount of funds available for personnel compensation and benefits. This limitation severely limits managerial flexibility in maintaining the proper balance between staffing needs and other support items such as travel, training and equipment that are required for effective delivery of program services to farmers, ranchers and others who participate in conservation programs. Implementation of the conservation provisions of the Food Security Act of 1985 is having a major impact on SCS field offices as additional demands are made to provide technical assistance and soil survey data. Maximum flexibility is needed to ensure that all available resources can be used to meet these needs in a timely manner. The limitation also adds unnecessarily to administrative overhead costs because of the need to maintain additional accounting and managerial controls.

The second change proposes deletion of language prohibiting the use of appropriated funds for consolidating the four existing SCS technical centers into one center. This language is no longer required because SCS plans to continue operating all four technical centers.

Conservation Operations

Appropriations Act, 1990		$481,000,000
Budget Estimate, 1991		506,998,000
Increase in Appropriation		+25,998,000
Adjustments in 1990:		
Appropriations Act, 1990	$481,000,000	
Gramm-Rudman-Hollings Reduction (P.L.99-177)	-4,051,000	
Transfer from the Departmental Rental Payments Account for non-GSA buildings a/	+160,000	
Adjusted base for 1990		$477,109,000
Budget Estimate, 1991		506,998,000
Increase over adjusted 1990		+29,889,000

a/ Funds were transferred in 1989 from the Rental Payments (USDA) account for leases reassigned by GSA to SCS in 1989 and 1990.

SUMMARY OF INCREASES
(on basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Technical assistance	$396,426,000	+$7,050,000	+$20,832,000	$424,308,000
Soil survey	68,075,000	+1,148,000	+589,000	69,812,000
Snow survey and water forecasting	5,447,000	+69,000	+47,000	5,563,000
Operation of plant materials ctrs.	7,161,000	+81,000	+73,000	7,315,000
TOTAL AVAILABLE	$477,109,000	+$8,348,000	+$21,541,000	$506,998,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Amount	1989 Staff Years	1990 estimated Amount	1990 estimated Staff Years	Increase	1991 estimated Amount	1991 estimated Staff Years
1. Technical assistance	$386,694,292	8,896	$396,426,000	8,942	+$27,882,000(1)	$424,308,000	9,143
2. Soil surveys	68,203,000	1,326	68,075,000	1,281	+1,737,000(2)	69,812,000	1,281
3. Snow survey and water forecasting	5,494,000	86	5,447,000	86	+116,000(3)	5,563,000	86
4. Operation of plant materials centers	5,043,000	123	7,161,000	127	+154,000(4)	7,315,000	127
Total available estimate	465,434,292	10,431	477,109,000	10,436	+$29,889,000	$506,998,000	10,637
Transfer from CRP	-61,461,000	--	--	--			
Transfer from Rental	-711,292	--	-160,000	--			
Gramm-Rudman-Hollings Reduction PL 99-177	--	--	+4,051,000	--			
Total, appropriation	$403,262,000	10,431	$481,000,000	10,436			

PROJECT STATEMENT
(On basis of available funds)

Project	1989		1990 estimated		Increase or Decrease	1991 estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Direct obligations:							
1. Technical assistance	$386,455,940	8,896	$396,428,393	8,942	+$27,879,607	$424,308,000	9,143
2. Soil surveys	68,092,949	1,326	68,075,000	1,281	+1,737,000	69,812,000	1,281
3. Snow survey and water forecasting	5,495,980	86	5,447,000	86	+116,000	5,563,000	86
4. Operation of plant materials centers	5,038,994	123	7,161,000	127	+154,000	7,315,000	127
Total direct obligations	465,083,863	10,431	477,111,393	10,436	+29,886,607	506,998,000	10,637
Unobligated balance brought forward	(-21,478)	--	(-2,393)	--	(+2,393)	--	--
Unobligated balance carried forward	(2,393)	--	--	--	--	--	--
Unobligated balance lapsing	(369,514)	--	--	--	--	--	--
Adjusted appropriation	(465,434,292)	(10,431)	(477,109,000)	(10,436)	(+29,889,000)	(506,998,000)	(10,637
Reimbursable obligations:							
1. Technical assistance	31,496,807	664	45,840,000	956	-11,612,000	34,228,000	692
2. Soil surveys	8,077,680	198	8,412,000	198	--	8,412,000	198
3. Snow survey and water forecasting	257,287	2	287,000	2	--	287,000	2
4. Operation of plant materials centers	301,524	2	334,000	2	--	334,000	2
Total, reimbursable obligations	40,133,298	866	54,873,000	1,158	-11,612,000	43,261,000	894
Obligational authority	$505,217,161	11,297	$531,984,393	11,594	+$18,274,607	$550,259,000	11,531

SOURCES OF REIMBURSEMENTS

Project	1989		1990 estimated		Increase or Decrease	1991 estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Within USDA:							
Agricultural Stabilization & Conservation Service	$18,224,685	529	$31,605,000	817	-$11,612,000	$19,993,000	553
Office of International Cooperation & Development	706,153	10	1,000,000	14	--	1,000,000	14
Other	6,281,199	23	6,564,000	23	--	6,564,000	23
Other Federal	5,331,888	110	5,625,000	110	--	5,625,000	110
Non-Federal:							
State & Counties for soil surveys	4,553,400	126	4,700,000	126	--	4,700,000	126
Other	5,035,973	68	5,379,000	68	--	5,379,000	68
Total reimbursements	$40,133,298	866	$54,873,000	1,158	-$11,612,000	$43,261,000	894

OUTLAYS

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
1. Technical assistance	$370,306,624	$398,303,000	+$23,580,000	$421,883,000
2. Soil Surveys	65,247,459	68,547,000	+1,128,000	69,675,000
3. Snow survey and water forecasting	5,266,233	5,489,000	+66,000	5,555,000
4. Operation of plant materials centers	4,828,606	7,026,000	+235,000	7,261,000
Total outlays	$455,648,922	$479,365,000	+$25,009,000	$504,374,000

EXPLANATION OF PROGRAM

The appropriation "Conservation Operations," funds four Soil Conservation Service activities authorized by the Act of April 27, 1935, (16 U.S.C. 590-590f); and the Soil and Water Resources Conservation Act of 1977, (16 U.S.C. 2001-2009). These activities are designed to reduce erosion, solve soil and water management problems, bring about physical adjustments in land use, improve agriculture, and reduce damage caused by floods and sedimentation. Activities include:

1. Technical assistance - The Soil Conservation Service provides technical assistance to 2,941 conservation districts. These districts, formed under State enabling legislation and locally controlled, have within their boundaries about 99 percent of the farms and ranches in the Nation. Through these conservation districts, the Soil Conservation Service provides technical help to more than 2,300,000 district cooperators, who are primarily farmers and ranchers, having land use and conservation problems. More than 1 million district cooperators receive help on an annual basis. About 18,000 State and local units of government were assisted with problems of land use, conservation, or building and water resource developments during FY 1989.

   Conservation plans developed by landusers consist of their decisions to achieve conservation objectives, and contain soil and capability maps and other basic resource data interpreted for alternative uses and treatment.

   Installation services are provided to cooperating land users to help them apply planned conservation systems. These services include site investigation, designs and specifications, construction plans, and layout of practices.

   Technical assistance is currently being provided to implement the highly erodible land, wetland, and Conservation Reserve Program (CRP) provisions of the 1985 Food Security Act. SCS field technicians make the highly erodible land and wetland determinations and assist landusers in the preparation of conservation plans and application of practices needed to ensure compliance with the law. Producers had until December 31, 1989, to have an approved conservation plan developed on all highly erodible cropland in order to retain their eligibility for USDA farm program benefits. The approved conservation measures must then be installed by December 31, 1994. As of October 1989, 2.48 million highly erodible land determinations and 795,217 wetland determinations had been made; conservation plans were completed for 133.3 million acres and conservation systems were applied on 38.6 million acres. After the ninth program sign up, the CRP has 33.9 million acres enrolled in 333,395, 10-year contracts which reduce erosion by 656 million tons annually (20 tons per acre).

   Technical services are also provided to individuals and groups participating in the Agricultural Conservation Program (ACP) for site selection, layout, or establishment of specified conservation practices; and to those farmers who enter into contracts under the CRP. Almost 64,000 contracts covering about 5.8 million acres were signed in FY 1989 for the CRP, and it is estimated that technical assistance was provided for the ACP on approximately 99,000 farms and 4.8 million acres.

   This item also funds the inventory and monitoring, resource appraisal and program development activities of the Soil Conservation Service. Natural and related resource data, other than soil survey data, are collected and interpreted for National assessments,and provided to users for resource programming and planning decisions. In addition, special resource inventories are made of wind erosion conditions in the Great Plains, and for identification of important farmlands and areas with critical erosion rates. Nationwide appraisals of soil, water, and related resources are conducted on a periodic basis and future long-range conservation programs are developed to help USDA, soil and water conservation districts, and other Federal, State and local agencies identify the highest priority problems and the present and likely future demands on the soil, water, and related resources of the Nation.

Overall accomplishments under the Conservation Technical Assistance program are as follows:

	FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate
Decisionmakers receiving technical services (000's)....................	1,283	1,300	1,300
Acres treated through conservation technical assistance (000's).......	62,691	63,000	63,000
Tons of soil erosion reduced (000's).	353,930	240,000	240,000

2. Soil surveys - Special investigations and interpretations are made to determine the kinds of soil, potential alternative uses, and their needs for full use and conservation. Each soil survey includes field mapping and necessary correlation, interpretation, investigations, and laboratory work. These surveys are conducted cooperatively with other Federal agencies, land grant colleges, other State agencies, and local organizations. The published soil survey for a county or designated area includes maps with explanatory information useful in many Federal, State, county, and local community programs. Special reports are prepared and released as needed for local uses. Current program emphasis is being placed on project mapping and soils interpretation assistance to private individuals and other Federal, State and local decision makers who received a diminished level of technical assistance during the acceleration of mapping on Food Security Act impacted land that did not have a completed soil survey.

   Actual and projected accomplishments for the soil survey program are as follows:

	FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate
Acres mapped annually by SCS (millions).....	34.8	40.0	40.0
Soil surveys ready for publication (number).	79	72	72

3. Snow survey and water forecasting - Snow survey and water forecasting provides a valuable service to irrigators and others who rely upon snow data and water supply forecasts in planning annual operations. More than 10,000,000 acres of irrigated land in the Western States and Alaska are served by water supply forecasts. Although water supply forecasts are geared primarily to the needs of rural farm and ranch operators, they are used extensively by a wide variety of water management groups that have responsibility for flood control, recreation, fish and wildlife, power generation, municipal and industrial water supply, and water quality management.

4. Operation of plant materials centers - Plant materials centers are operated for testing, selection, and providing for the commercial production of plants for erosion control, special conservation purposes, and adaptation to unusual soil and site conditions. The work at the 26 centers includes cooperation with State and Federal agencies, commercial businesses, and seed and nursery associations to encourage production, release, and use of new or uncommon plant materials needed in soil and water conservation programs. Over 200 new conservation plant varieties from this program are in large scale use in combating the many problems encountered in a total program of soil, water, and related resource conservation. Twelve new conservation plants were released for conservation purposes during FY 1989.

OIG Reports

10610-6-AT	9-22-89	SCS Cost/Benefit Analysis and Automated Data Processing Equipment Inventory.
10610-7-AT	In Progress	State Level Implementation of Field Office Communication and Automation System.
022965	In Progress	Farm Conservation Compliance under FSA of 1985 concurrent with GAO Audit - same report numbers.

GAO Reports

021026	4-07-89	Award of Contracts to Perform Consulting Services for Conservation Plans Required by the 1985 Farm Bill.
510407	6-03-89	ADP/Telecommunication Assessment.
014416	In Progress	Survey of Agency Mail Practices.
022965	In Progress	Farm Conservation Compliance under FSA of 1985 concurrent with OIG audit - same report numbers.
089452	In Progress	Nonpoint Source Pollution.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase in appropriation of $27,882,000 for technical assistance (on the basis of available funds there is an increase of $27,879,607) consisting of:

(a) An increase of $17,623,000 to provide technical assistance in support of the Government wide water quality initiative ($26,477,000 available for this initiative in 1990).

Need for Change. Fiscal year 1991 is the second year of a Government-wide water quality initiative to respond to public concern about contamination of U.S. surface and ground waters from pesticides, nutrients, animal wastes, sediment and salinity; and to meet the requirements of the Water Quality Act (WQA) of 1987 in conjunction with the Clean Water Act (CWA) of 1972. It is estimated that ground water supplies in approximately 1,437 counties in the U.S. are vulnerable to potential contamination from toxic elements in pesticides and/or nutrients in fertilizers, and a similar situation exists for surface water contamination. The WQA and CWA place greater responsibility on States and private individuals to control water pollution resulting from nonpoint sources, including agriculture. The USDA water quality initiative utilizes voluntary changes of conservation planning and application activities by landowners and users to reduce pollutants reaching the Nation's ground water and surface water.

Nature of Change. The 1991 budget proposes to add $17.6 million and 201 additional staff years to the Soil Conservation Service's component of the water quality initiative to build on existing USDA efforts in this area. Technical assistance would be provided to plan and install water quality management practices delivered through SCS field offices with technical backup at the area, State, national technical centers, and national headquarters levels. To provide this level of technical assistance it will be necessary for SCS to increase emphasis on water quality training, obtain water quality and related research results, accelerate technology transfer, improve interagency cooperation, and increase on-site assistance for planning and installation of appropriate management practices. Specifically, program components of the fiscal year 1991 budget initiative will strengthen on-going SCS water quality activities as follows:

o An additional $2.6 million is requested for technology development and database development and management to provide field offices with methodologies and techniques for including water quality in ongoing conservation planning and application activities; for refinement of practice standards and specifications based on water quality research results; the development of soils interpretations; the development and implementation of Geographic Information System (GIS) technology and computer simulation models to ensure that USDA assistance is targeted to the most critical areas; the training of field office staff necessary to service the expanded program; and monitoring and evaluation activities, including the analysis of results and refinement of technical procedures. The FY 1991 budget request will also provide resources for model, software, and database development necessary for automating planning, evaluation, design, and implementation procedures for water quality technical assistance. Contracts and agreements will be used where appropriate for items such as customized computer software programs for automating water quality components of the SCS technical guides, development of hydrologic engineering functions, collection of water samples and accompanying laboratory analysis, comprehensive water quality training for SCS personnel who will be involved in water quality efforts, and for the study of the physical behavior of water in soils and the effects of agricultural chemicals, nutrients and animal wastes therein.

o An additional $1.2 million will be allocated for regional projects to accelerate ongoing water quality technical assistance in nationally identified multi-State areas with critical water quality concerns. These areas include the Chesapeake Bay, Great Lakes, Tennessee River Valley, Gulf of Mexico, Puget Sound and other estuaries of national significance, designated sole source aquifers, and wellhead protection areas as warranted.

o An additional $10.5 million will be available to accelerate water quality technical assistance in selected high priority nonpoint source hydrologic units. Hydrologic units, generally defined on drainage areas and/or on a watershed basis, will be selected from those identified by State's Section 319 plans based on problem severity and impact, the extent to which agriculture is contributing to the problem, and the degree of State and local support for implementing a program to address the problem. The budget request will fund an additional 37 hydrologic units in 1991, bringing to 74 the total number of units supported. Areas that are not addressed by regional program priorities but have identified priority agricultural nonpoint source problems related to pesticides and nutrients will be the primary recipients of these funds.

o An additional $3.3 million is requested to support full implementation of the 8 demonstration projects initiated in 1990 and will permit planning and some implementation on eight additional demonstration projects consistent with the overall USDA water quality initiative. SCS participation in this initiative will be to provide joint leadership with the Extension Service in demonstrating the proper use of agricultural chemicals as they effect surface and ground water. The projects will build upon the results of preceding efforts to demonstrate the impacts of innovative agricultural production systems on farm businesses, crop yield and environmental quality on a multicounty or regional basis. SCS will also collaborate with the ARS, ASCS, CSRS, ERS and ES as well as other federal agencies including EPA, USGS and NOAA in the development and implementation of of a coordinated operational plan that includes education, technical assistance, economic evaluation and appropriate financial incentives.

(b) An increase of $3,209,000 in technical assistance for existing conservation program operations and for continued implementation of the Food Security Act. ($369,949,000 available for these activities in 1990).

Need for Change. These funds are needed in order to continue program operations at the current program level. The additional funds will be used for increased non-salary support costs financed under this program to ensure continued program performance that will provide the technical assistance needed to support ongoing conservation programs and meet the provisions of the Food Security Act of 1985.

Nature of Change. The additional $3,432,000 will provide for technical assistance to implement conservation plans on about 590,000 acres. This assistance will be provided to farmers and ranchers so that they could meet the conservation requirements of 1985 Food Security Act and be eligible to receive benefits from Federal farm programs after December 1994.

(c) An increase of $7,050,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(2) An increase in appropriation (and in available funds) of $1,737,000 for soil surveys consisting of:

(a) An increase of $589,000 for soil survey technical assistance ($68,075,000 available in 1990.)

Need for Change. These funds are needed in order to continue program operations at the current program level. The additional funds will be used for increased non-salary support costs financed under this program to ensure continued program performance that will provide soils information needed to support ongoing conservation programs.

Nature of Change. The additional $589,000 will provide for soils mapping on about 350,000 acres. Soils interpretation will resume for private sector, other Federal, State and local entity decision makers who received a diminished level of technical assistance during the acceleration of mapping on Food Security Act impacted land. Digitizing soils information will continue to be a high priority, and soil survey research to support global change research will be expanded using available funds.

(b) An increase of $1,148,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(3) An increase in appropriation (and in available funds) of $116,000 for snow survey and water forecasting consisting of:

(a) An increase of $47,000 for snow survey and water forecasting ($5,447,000 available in 1990.)

Need for Change. These funds are needed in order to continue program operations at the current program level. The additional funds will be used for increased non-salary support costs financed under this program to ensure continued program performance that will provide reliable and timely snow survey and water forecasting information needed for other SCS programs and for water use planning by farmers, ranchers, and others.

Nature of Change. The additional $47,000 will provide for continuation of snow survey and water forecasting data collection and analysis of snowpack and other meteorological data for water supply forecasts in 11 Western States and Alaska, and the SNOTEL system equipment replacement and upgrade that is underway. The SNOTEL replacement and upgrade will result in improved reliability and timeliness of information and effective integration of the data into Soil Conservation Service technical assistance activities.

(b) An increase of $69,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(4) An increase in appropriation (and in available funds) of $154,000 for operation of plant materials centers consisting of:

(a) An increase of $73,000 for operation of plant materials centers ($7,161,000 available in 1990.)

Need for Change. These funds are needed in order to continue program operations at the current program level. The additional funds will be used for increased non-salary support costs financed under this program to ensure continued program performance that will provide plant materials needed to support ongoing conservation programs in a timely manner.

Nature of Change. The additional $73,000 will provide for continued operation of plant materials centers in order to find, develop and release permanent low cost vegetative solutions to conservation problems. The plant materials releases continue to be essential for the Soil Conservation Service to help land owners and users establish and maintain ground cover on Conservation Reserve Program lands and meet the conservation requirements of the Food Security Act of 1985.

(b) An increase of $81,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

Soil Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 AND estimated 1990 and 1991
CONSERVATION OPERATIONS

	1989		1990		1991	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
ALABAMA	$8,494,839	184	$9,062,099	193	$9,633,034	197
ALASKA	1,677,475	33	1,825,774	35	1,940,802	35
ARIZONA	4,471,398	102	4,675,361	105	4,969,921	107
ARKANSAS	8,335,988	202	8,342,938	199	8,868,564	203
CALIFORNIA	12,168,931	278	12,632,481	285	13,428,359	291
COLORADO	10,978,753	268	10,888,996	262	11,575,030	268
CONNECTICUT	1,411,004	30	1,472,932	30	1,565,730	31
DELAWARE	821,623	22	989,408	25	1,051,743	26
FLORIDA	6,560,145	144	6,944,536	151	7,382,060	154
GEORGIA	9,593,347	222	10,146,966	232	10,786,250	237
HAWAII	2,438,812	45	2,311,238	43	2,456,852	44
IDAHO	7,937,366	173	8,107,914	174	8,618,734	177
ILLINOIS	12,802,147	303	13,072,717	305	13,896,331	311
INDIANA	9,877,645	245	10,575,052	259	11,241,307	264
IOWA	18,368,010	463	17,234,946	429	18,320,791	438
KANSAS	16,614,895	450	15,092,982	404	16,043,879	412
KENTUCKY	10,679,634	284	11,414,481	300	12,133,623	306
LOUISIANA	6,471,452	160	7,223,155	176	7,678,232	179
MAINE	2,591,704	58	2,549,325	56	2,709,939	58
MARYLAND	4,636,656	99	4,445,544	93	4,725,625	95
MASSACHUSETTS	1,796,493	41	1,909,390	44	2,029,687	45
MICHIGAN	8,321,041	171	8,619,515	174	9,162,566	177
MINNESOTA	11,022,990	243	11,242,144	244	11,950,428	248
MISSISSIPPI	9,101,207	221	9,566,349	229	10,169,053	233
MISSOURI	15,467,006	411	15,311,467	401	16,276,128	409
MONTANA	15,337,263	392	12,218,279	308	12,988,062	314
NEBRASKA	12,850,697	361	13,011,255	361	13,830,997	368
NEVADA	2,927,447	65	2,935,144	64	3,120,065	65
NEW HAMPSHIRE	1,565,372	35	1,650,782	36	1,754,786	36
NEW JERSEY	2,277,724	41	2,443,247	44	2,597,178	45
NEW MEXICO	6,925,386	155	6,567,293	145	6,981,049	148
NEW YORK	7,798,674	191	7,815,921	188	8,308,344	192
NORTH CAROLINA	9,161,303	211	9,509,379	216	10,108,494	221
NORTH DAKOTA	11,437,644	262	10,843,461	244	11,526,627	248
OHIO	9,127,569	212	9,572,066	219	10,175,130	224
OKLAHOMA	10,347,498	254	10,839,582	262	11,522,503	268
OREGON	6,764,428	145	7,487,302	159	7,959,021	162
PENNSYLVANIA	7,417,847	174	7,672,885	177	8,156,297	180
PUERTO RICO	2,279,427	55	2,510,528	60	2,668,698	61
RHODE ISLAND	562,501	9	574,798	9	611,011	10
SOUTH CAROLINA	5,216,010	127	5,408,509	130	5,749,259	132
SOUTH DAKOTA	7,227,496	179	7,616,937	186	8,096,823	190
TENNESSEE	9,225,510	207	9,809,846	217	10,427,892	222
TEXAS	29,736,916	717	29,883,660	711	31,766,406	726
UTAH	4,987,750	113	5,124,173	114	5,447,009	116
VERMONT	1,817,459	42	1,856,300	43	1,973,252	44
VIRGINIA	7,609,636	177	7,947,012	182	8,447,694	185
WASHINGTON	8,039,372	190	8,710,686	202	9,259,482	206
WEST VIRGINIA	4,446,506	106	4,624,722	108	4,916,091	110
WISCONSIN	9,795,102	251	9,635,161	243	10,242,201	248
WYOMING	4,869,906	107	5,043,212	109	5,360,947	111
CHESTER NTC	1,768,898	31	2,030,169	35	2,158,075	35
FORT WORTH NTC	11,911,099	197	13,449,143	220	14,296,473	225
LINCOLN NTC	8,879,611	147	9,765,180	160	10,380,411	163
PORTLAND NTC	4,887,244	60	5,425,355	66	5,767,166	67
PACIFIC BASIN	676,204	13	903,545	17	960,471	17
NATIONAL HDQTRS	34,567,803	353	38,568,151	353	40,825,418	353
Total, Available or estimate	$465,083,863	10,431	$477,111,393	10,436	$506,998,000	10,637

CONSERVATION OPERATIONS

STATUS OF PROGRAM

Authority and Mission: The Soil Conservation Service (SCS) is a technical agency of the United States Department of Agriculture (USDA). The agency was established by Public Law 74-46 on April 27, 1935, (16 U.S.C. 590a-590f) to carry out a continuing program of soil and water conservation on the private lands of the Nation. The current mission of the agency is to provide national leadership in the conservation and wise use of soil, water, and related resources through a balanced cooperative program that protects, restores, and improves those resources.

Since 1983 the conservation activities of the Soil Conservation Service have been guided by the priorities and objectives as set forth in the National Conservation Program (NCP) which was prepared in response to the provisions of the Soil and Water Resources Conservation Act of 1977 (RCA) (Public Law 95-192). The long-term objectives of the program are designed to maintain and improve the soil, water, and related resources of the Nation's nonpublic lands by:

-- Reducing excessive soil erosion.
-- Improving water quality.
-- Improving irrigation efficiencies.
-- Improving water management.
-- Reducing upstream flood damages.
-- Improving range condition.

SCS continues to play a major role in USDA's implementation of the conservation provisions of the Food Security Act (FSA) of 1985 (Public Law 99-198). The conservation provisions are:

1. Highly erodible land conservation (16 U.S.C. 3811-3813);
2. Wetland conservation (16 U.S.C. 3821-3823);
3. Conservation Reserve Program (16 U.S.C. 3831-3845); and
4. Conservation easements (7 U.S.C. 1997).

Under these provisions, SCS is responsible for defining highly erodible lands, wetlands, and converted wetlands, and for assisting farmers develop and install conservation plans and conservation systems as a basis for Conservation Reserve Program contracts or for conservation compliance purposes. The law requires that all producers must have an approved conservation plan on all highly erodible cropland by December 31, 1989, in order to continue their eligibility for USDA farm program benefits. Producers then have until December 31, 1994, to install the approved conservation systems. SCS will assign highest priority during this period to providing the technical assistance needed to help producers comply with the provisions of the law. In addition, technical assistance will be provided in support of Conservation Reserve Program sign-ups which will continue through 1990.

Cooperation with Conservation Districts: USDA and SCS have entered into memoranda of understanding with 2,952 conservation or special districts to establish a basis for a cooperative local-Federal conservation partnership. Under the terms of these agreements, SCS provides technical assistance through each district to assist farmers, ranchers, rural communities, and others plan, apply, and maintain conservation treatment on the land. These districts are legal subdivisions of State government organized for the purpose of developing and carrying out local conservation programs to protect, conserve, and maintain the natural resource base of the Nation. Officials of conservation districts are local leaders in the development of appropriate land use and conservation treatment on private and other lands within district boundaries. They solicit local, State, and Federal participation to help carry out locally adapted conservation programs. Over the years, they have developed cooperative ways of financing conservation programs that provide numerous public and private benefits. State and local appropriations of funds for conservation district program activities totaled approximately $434.1 million in FY 1989. This was a slight decrease, less than 1 percent, compared to the record high of FY 1988.

Cooperation with Other Agencies: Many Federal and State agencies rely upon the technical expertise unique to SCS to plan and implement programs which impact rural residents and/or resources. Some examples are the Agricultural Conservation Program, the Colorado Salinity Control Program, the Conservation Reserve Program, and the experimental Rural Clean Water Program of the Agricultural Stabilization and Conservation Service; the Surface Mine Control and Reclamation Programs of the Department of the Interior; the Coastal Zone Management Program of the Department of Commerce; and the Chesapeake Bay Agreement, National Estuary Program and Clean Lakes Program of the Environmental Protection Agency. Memoranda of Understanding (MOU) have been signed with EPA for nonpoint source technical cooperation and with Extension Service for water quality data and training. A third MOU was signed with ARS and the Geological Survey addressing cooperation in the area of Water Quality research. These memoranda emphasize the growing SCS involvement in the areas of water quality and quality treatment.

SCS also cooperates with the Agency for International Development and other international organizations by providing technical assistance to foreign countries and training of foreign agriculturalists in the application and use of soil and water conservation treatment systems. SCS completed 565 technical assignments to 37 foreign countries. This is the highest level of assistance for one year in the history of SCS. Technical specialists carried out the following objectives: provided international conservation assistance, shared soil conservation technology with other countries that have similar soil and conservation problems through scientific and technical exchanges, and participated in meetings of international technical and professional societies. SCS also provided opportunities for 185 foreign nationals from 38 countries to gain a better understanding of soil and water conservation activities in the United States.

Information Services: Information work of SCS is directed toward depicting problems and needs and encouraging all land users to apply appropriate conservation treatment systems to protect and preserve our soil and water resource base. During FY 1989, SCS information activities were aimed at informing the public and farmers about conservation provisions of the Food Security Act. Information is issued through press releases, photographs, slide presentations, exhibits, publications, speeches, magazine articles, radio and television public service announcements.

This appropriation is further divided into subappropriation items as follows:

CONSERVATION TECHNICAL ASSISTANCE

Current Activities: Conservation technical assistance provides the basic foundation supporting cooperative and complementary conservation programs involving Federal, State, and local units of government, organizations, and private citizens. Many times, this assistance serves as the initial USDA contact with landusers who participate in other USDA, State, and local conservation programs. Assistance is provided by trained resource conservation and management specialists. These specialists inventory and interpret site-specific information about soil, plant, water, and other physical conditions to determine feasible alternative land uses and conservation treatment alternatives. This information is used in assisting land users to make decisions about land use and the conservation treatment systems that are needed to protect the resources from excessive deterioration. After land users make appropriate conservation use and treatment decisions, they receive technical help as needed, to apply the planned conservation treatment. This assistance may include design, layout, and on-site installation services to assure that the applied conservation treatment is of a high quality and serves the intended purpose. These services require professional skills from a variety of specialized resource management disciplines to achieve an interdisciplinary approach under a wide range of land ownership and use conditions. At the national level, SCS specialists develop and maintain standards for conservation treatment, provide technology transfer, and serve as the Federal government's expert in matters concerning the conservation use and treatment of the Nation's private lands.

Overall SCS provided 1,285,504 technical services to land users and units of government for conservation purposes in FY 1989. As a result of these services, land users made conservation planning decisions on about 42.6 million acres of land and 1,070,894 land users applied one or more conservation practices to improve soil, water, and related resources on 61.2 million acres of non-Federal lands. The estimated value of the practices applied to improve this acreage was more than $2.3 billion. Some of the long-term public and private benefits resulting from conservation planning and application assistance include reduced erosion and sedimentation, cleaner water, improved use of irrigated water, reduction of health hazards, improved fish and wildlife habitat, improved aesthetic qualities, flood prevention, and sustained food and fiber production at reasonable cost.

Summary of Progress: A breakdown of the total acres of land treated with SCS technical assistance in FY 1989 follows:

Land treated SCS assistance: (Non-Federal lands)	Total Acres Treated (millions)
Cropland	22.3
Rangeland	28.7
Pastureland	5.3
Woodland	2.2
Other Land	2.7
Total	61.2

Examples of Current Activities and Progress:

Highly erodible land and wetland conservation provisions of the Food Security Act of 1985. The conservation provisions of the Food Security Act directly impact persons who produce agricultural commodities on highly erodible land or converted wetlands and participate in certain USDA programs. SCS has defined highly erodible land as those soils that have an erodibility index of 8 or more. Using this criteria, 118 million acres of cropland and 235 million acres of noncropland that has a potential to be cropped is classified as highly erodible land. However, because highly erodible land is determined on a field basis, an additional 41 million acres of non-highly erodible cropland will also be impacted. Between 1988 and 1995 SCS estimates that only 5 million acres of the highly erodible noncropland that has a potential for conversion to cropland will actually be converted. Additionally, about 5 million acres of the 70 million acres of wetlands in the United States will be affected by the wetland conservation provisions. Thus, these provisions will impact 169 million acres or 40 percent of the nation's farmland between now and 1995.

As of September 30, 1989, 3.1 million highly erodible land determinations had been completed. Of this total, 1.6 million were positive determinations and included over 140 million acres of highly erodible lands. The highly erodible land determinations are essentially done, but new determinations will continue to arise and the total number will fluctuate as soil surveys are completed, farms are reconstituted, and as producers move in and out as participants in USDA programs.

SCS projections of the required conservation plans also fluctuated during 1989 for the same reasons. Originally, SCS projected that 134 million acres of conservation plans would be required by December 31, 1989. Excluded from that estimate were acres where it was anticipated that the producer would refuse to develop a plan, land use changes would occur, or recent or pending soil surveys extended the deadline. As of September 30, 1989, 99 percent of the originally goaled acres had been planned, but due to a slight increase in the projection, SCS was just under 98 percent of the conservation plans projected that needed to be completed by December 31, 1989.

By September 30, 1989, twenty-nine percent of the conservation plans on highly erodible lands had already been installed.

The target date for completing the 3.1 million wetland determinations is December 31, 1991. At the end of FY 1989, 695,000 wetland determinations had been completed. Again there is a continuing wetland related workload anticipated beyond the goal date. Activities will include determinations required for new participants, processing minimal effect exemptions, documenting the location and impacts of previously installed drainage systems, and completion of wetland inventories.

Wetland inventories are currently underway in 40 states with approximately 1,200 counties scheduled for completion by the end of FY 1990. Wetland inventories are sometimes used as the basis for wetland determinations. SCS uses the wetland inventory approach in areas with concentrations of wetlands and USDA program participations. Wetlands inventory teams are much more efficient than making individual determinations and the quality of determinations improves. Wetland inventories also provide a consistent basis for making wetland determinations for new producers in future years.

Conservation Reserve Program The Conservation Reserve Program (CRP) is designed to retire existing highly erodible and environmentally sensitive cropland from crop production for 10 years. Under this provision, 40 to 45 million acres of the Nation's cropland would be removed from crop production during the 1986 through 1990 crop years. Under the rules, SCS determines eligibility of the cropland offered and develops a conservation plan with the participant to place eligible lands into a permanent cover of grass, legumes, shrubs or trees. No more than 25 percent of a county's cropland will be accepted for participation without a waiver from the Secretary.

Over the life of the program, the 33.9 million acres (333,395 contracts) enrolled in CRP after the 9th program signup will result in a soil loss reduction of 656 million tons annually.

The following provides a summary of the current status of the program.

	9th signup	Cumulative*
Total Bids Received	41,019	443,402
Total Accepted Bids	34,815	333,395
Total Acres Contracted	3,329,893	33,922,565
Total Tree Area Contracted*	220,032	2,179,301
Average Size of Contract in Acres	96	102

Agricultural Conservation Program (ACP): SCS provides technical assistance to ACP participants for planning, design, layout, supervision, and certification that the practice meets SCS standards and specifications. In addition to regular ACP assistance, 41 water quality special projects were carried out in 30 states, and Puerto Rico, special drought assistance was provided in 8 states for emergency water for livestock and irrigation water for orchards and vineyards.

Rural Abandoned Mine Program (RAMP): SCS provides technical and financial assistance through 5-10 year contracts with land users. The objective of the RAMP is to evaluate, design, and install needed conservation treatments to reclaim soil and water resources on rural lands adversely affected by past coal-mining practices. RAMP was authorized by Section 406 of the Surface Mining Control and Reclamation Act of 1977, P.L. 95-87. Land users in 20 states have submitted 4,014 program applications (on 98,412 acres) for assistance under the program. New RAMP contracts were signed with 100 land users in FY 1989 obligating $8.0 million. To date, SCS has signed a total of 881 contracts for the reclamation of 13,117 acres, obligating $78.3 million. Accomplishments to date include 8,891 acres reclaimed, 1,545 health and safety hazards eliminated, and 825,653 tons of soil erosion prevented annually. Water quality has been improved in 57,777 acres of lakes and 536 miles of streams. Funds for the operation of RAMP are transferred to SCS by the U.S. Department of the Interior, from funds appropriated from the Abandoned Mine Reclamation Trust Fund. Coal miners pay 35 cents per ton of coal mined from surface mines and 15 cents per ton of coal from underground mining into this fund.

Colorado River Basin Salinity Control Implementation: The 1984 amendments to the Colorado River Basin Salinity Control Act, in Public Law 98-569, gave USDA a separate authority for developing and implementing a voluntary and cooperative on-farm salinity control program.

The Colorado River Salinity Control (CRSC) program objectives are to reduce salt loading in order to enhance and protect the quality of water available in the Colorado River for use in the United States and Mexico (Public Law 93-320, Colorado River Basin Salinity Control Act). Key provisions of the program are the non-Federal cost-share reimbursement requirements from the hydro-electric power revenues of the Upper and Lower Colorado River Basin development funds and the authority to cost-share with irrigation districts and canal companies. Major SCS activities include development of project plans, preparation of on-farm conservation plans, and provision of technical assistance to help landusers apply conservation practices and to help ensure that adequate irrigation water management is practiced.

SCS assisted the Agricultural Stabilization and Conservation Service and the Extension Service in developing the rules and regulations to implement the CRSC program. Implementation continued in the Grand Valley and Lower Gunnison projects in Colorado; Uinta Basin project in Utah; and the Big Sandy project in Wyoming. A total of 142 contracts involving $5,450,000 in technical and financial assistance were executed in 1989. Annual salt load reductions resulting from these practice installations totaled 12,534 tons for the four projects. Joint planning with the Bureau of Reclamation on the Price-San Rafael project in Utah and the San Juan project in New Mexico continued. An Environmental Impact Statement was finalized on the McElmo Creek project in Colorado and that unit is expected to begin implementation in 1990. Pre-implementation planning, including the development of an Environmental Impact Statement continued on the Moapa project in Nevada.

Great Lakes Program: The Great Lakes Water Quality Agreement obligates both the United States and Canada to take vigorous measures to restore and maintain the chemical, physical, and biological integrity of the water of the Great Lakes Basin Ecosystem. Section 118 of the Clean Water Act, as amended in 1978, requires that the Chief of the Soil Conservation Service (SCS) submit an annual report to the Administrator of the Environmental Protection Agency (EPA) with respect to the activities of the SCS relating to the Great Lakes.

Within the Great Lakes Basin, SCS is providing accelerated technical assistance with emphasis on nonpoint source pollution control, especially as it relates to erosion control and phosphorus management. Wetland identification and mapping, tillage surveys, and other environmental assessments were also accelerated within the Basin during 1989. SCS is represented and currently serves in an advisory capacity on several Great Lakes Program committees including those overseeing the development and implementation of Remedial Action Plans, Phosphorus Reduction Plans, and Lakewide Management Plans.

Also during 1989, SCS entered into two interagency agreements to better facilitate and coordinate activities with other Federal and Provincial agencies. One agreement is with the EPA Great Lakes National Program Office (GLNPO) and provides for the placement of an SCS employee on that staff to serve as an expert agricultural advisor and liaison to the Director of GLNPO. The second agreement was a three-way accord between GLNPO, SCS, and the International Joint Commission (IJC) in Windsor, Ontario. This agreement provides for the services of an SCS soil conservationist to serve on the IJC staff in Windsor as an agricultural nonpoint source advisor and liaison with USDA.

Chesapeake Bay Restoration and Protection: SCS is providing accelerated technical assistance in the Chesapeake Bay drainage area with special emphasis in Maryland, Pennsylvania, and Virginia for restoration and protection of the Bay's water quality and living resources. This work is being carried out as set forth in the Memorandum of Understanding signed November 21, 1984 and renewed in November 1987, between the Environmental Protection Agency and SCS and is in cooperation with the Army Corps of Engineers, the Fish and Wildlife Service, Geological Survey, National Oceanic and Atmospheric Administration, Department of Defense, and the States of Maryland, Pennsylvania, and Virginia, and the District of Columbia. The Chesapeake Bay area encompasses a 64,000 square mile drainage basin. The Bay is the Nation's largest estuary which produces the largest blue crab harvest in the world and the largest oyster harvest in the United States. It is one of the world's largest recreational areas with 7,300 miles of shoreline and is a major shipping center.

Surface water runoff from the land causes nonpoint source water quality problems. Sediment resulting from erosion of land surfaces, particularly agricultural lands, is, by volume, a primary pollutant of the Chesapeake Bay, over 50 percent in certain areas. Sediment may carry absorbed nutrients and pesticides which cause further pollution. Water quality improvement in the Bay is dependent upon close cooperation of all the Federal, state and local units of governments, including conservation districts, and all private citizens using the land and water resources in the basin area. In FY 1989, SCS continued to provide a total of 41 positions to accelerate technical assistance in Delaware, District of Columbia, Maryland, New York, Pennsylvania, Virginia, and West Virginia. Major activities include: providing technical assistance to plan, design, and implement best management practices to protect both surface and ground water by controlling nonpoint source pollution from agricultural and urban lands and control excess animal wastes; providing technical standards and specifications for state cost-share programs; providing technical supervision and training for conservation district technicians; and providing outreach to encourage landowners/operators in critical areas to participate in nonpoint source implementation.

Gulf of Mexico: As resources permit, SCS is providing technical assistance to EPA and states to develop the Gulf of Mexico program. SCS has one person detailed to the EPA project office at the Stennis Space Center, Mississippi to assist in coordination activities. SCS personnel serve on several committees including the Gulf of Mexico Policy Committee. The states of Alabama, Florida, Louisiana, Mississippi and Texas are involved in this Gulf waters clean up effort.

Puget Sound: Puget Sound, Washington, is one of the twelve estuary projects funded by EPA as a part of their National Estuary Program. SCS has assigned two persons to the Puget Sound Cooperative River Basin Team to assist in the development of watershed resource inventories for use by local action committees in the twelve county areas adjacent to Seattle, Washington. An overall implementation plan is being developed to address point and nonpoint source pollution entering the estuary and is scheduled for completion in 1991.

Water Quality: The SCS Water Quality effort is progressing rapidly in the areas of Water Quality Initiative (WQI) implementation and interagency coordination. The WQI includes the following project action elements:

-- Thirty-seven nonpoint source hydrologic unit areas have been selected and initial plans of work developed. Seventy-four staff years for technical assistance have been allocated to the areas. Nonpoint source problems will be assessed and operations plans will be developed during FY 1990. Problem treatment will begin in FY 1991.

-- Eight demonstration projects have been selected and initial plans of work developed. Nineteen staff years for technical assistance have been allocated to the projects. Demonstration operations plans will be developed during FY 1990. Installation of demonstration practices will begin in FY 1991.

-- Sixty-six staff years for nonpoint source technical assistance have been allocated to ongoing multi-state regional projects. These projects include the Great Lakes, Chesapeake Bay, Gulf of Mexico, Puget Sound and Land and Water 201 (Tennessee Valley Counties). Technical assistance for conservation application is ongoing and will continue in FY 1990.

Interagency coordination for water quality activities includes the following efforts:

Conservation Liaison positions have been established in 9 EPA regional offices and EPA national headquarters to provide conservation support for nonpoint source activities relating to Section 319 of the Clean Water Act. In addition 30 similar positions have been established to support state environmental agencies.

Direct coordination between SCS and the Extension Service has been implemented through the Education and Technical Assistance Committee to support the implementation of WQI elements. This committee oversees the selection, planning and implementation of the nonpoint source Hydrologic Unit Areas and the Regional Demonstration Projects. Committee representation includes ASCS, ARS, CSRS, ERS, FS, EPA, NOAA and USGS.

Research in the area of agricultural related nonpoint source pollution is being coordinated with ARS, FS, EPA and USGS through the interagency Technical Integration Group to develop necessary conservation practices, evaluation procedures and research plans.

To coordinate the SCS water quality effort, the agency has completed a Five Year Water Quality Action Plan that identifies program and technology objectives and actions to implement the USDA Water Quality Initiative. This plan, in concert with the State Water Quality Plans and water quality supplements to the Field Office Technical Guide, will provide guidance for future water quality and quantity activities.

Resources Inventory and Monitoring: This work consists of collecting and interpreting natural and related resource data, other than soil survey, and providing the results to users for resource conservation programming, planning, and appraising. The major effort is directed toward collecting and reporting statistically reliable data on the status and condition of the resources on non-Federal lands, and aiding in the interpretation and analysis of these data. It also includes making special resource interpretation maps, reporting on wind erosion conditions in the Great Plains States, and conducting special inventories to detect any changes in resources such as the shelterbelts and wetlands. These activities provide technical resource data and interpret them for application in local land use and conservation decisions. The inventory and monitoring program is mandated by the Rural Development Act of 1972 (P.L. 92-419) and strengthened by the Soil and Water Resources Conservation Act (RCA) of 1977 (P.L. 95-192) and the Food Security Act of 1985 (P.L. 99-198).

Current natural and related resource information from this program enables individuals, groups, and units of government to make sound and cost-effective resource, management, and environmental decisions. The data and interpretations are used for identifying and examining resource problems. assessing resource concerns of the public, and targeting conservation efforts of USDA.

Analysis and use of National Resources Inventory (NRI) data continues to address conservation issues and concerns such as those related to the Food Security Act. NRI results are being used for planning and program development at all SCS levels. The 1987 NRI data collection was conducted during 19[illegible]. Preliminary statistical tables will be released during Fall 1989, after review, editing, and statistical expansion of the raw data are completed. The 1987 NRI was specifically designed to obtain data that will provide a basis for detection of trends in resource conditions between 1982 and 1987. Improved procedures using computers have been applied in conducting the 1987 NRI to increase cost effectiveness and reduce personnel requirements. Inventory techniques, such as remote sensing, were used to gather field data where applicable. Customized computer software has been developed that will allow SCS state and area office personnel to fully utilize the NRI database.

Specific concerns to which efforts are now being directed are:

1. Streamlining of the inventory process is being implemented. A work group formed to explore ways to streamline the NRI process developed recommendations for

improving budgeting for inventories, streamlining the inventory effort, and reducing the burden on field personnel. These recommendations are being implemented in preparation for the 1992 NRI.

2. Techniques to improve inventory operations are explored. Testing is underway to develop a geographic information system for providing data analysis and display. Efforts are also underway to integrate data from other agencies with SCS data. Developmental activities are being funded to better identify land cover, seek water quality data, improve data collection procedures, use data recorders and other technical tools, and link Forest Service inventory data with SCS databases.

3. Wind erosion conditions for the 10 Great Plains States are reported. Each year during the November 1 to June 1 blowing season, 541 counties in the Great Plains States prepare estimates of cropland, rangeland, and other land damaged by wind erosion; crops and cover destroyed on land not damaged; land prevented from damage by emergency tillage; and land in condition to blow. Also data are provided on the major factors contributing to wind erosion for the blowing season. The report is used for informational purposes, to alert conservationists and others on the extent and severity of wind erosion in the high-hazard areas and as a basis for planning and installing appropriate conservation measures.

4. Special resource problems are inventoried. Periodic reports are prepared on short-duration natural phenomena that affect health, safety, and agricultural production. Examples are drought, hail, floods, hurricanes, tornadoes, volcanic eruptions, prolonged temperature extremes, fires, land diseases, and insect infestations. These reports are used to inform the Department, news media, and others of the extent of these phenomena and the impact on SCS activities.

Strategic Planning and Policy Analysis: SCS has leadership for the development and preparation of the Appraisal, Program and Statement of Policy required by the Soil and Water Resources Conservation Act of 1977 (PL 95-192), as amended by the Food Security Act of 1985 (P.L. 99-198). Activities carried out under this act, and authorities otherwise contained in the act of 1935 (PL 74-46), help SCS, USDA, the Congress, soil and water conservation districts, and other Federal, State, and local agencies identify the magnitude and complexity of soil and water resource problems; identify the present and likely future demands on the soil, water and related resources of the Nation; formulate and resolve natural resource policy issues; and make needed shifts toward the highest priority conservation tasks.

The National Conservation Program (NCP) is authorized by the Soil and Water Resources Conservation Act of 1977 (RCA) (Public Law 95-192), as amended by the Food Security Act of 1985 (FSA) (PL-99-198). The Act directs the Secretary of Agriculture to conduct a continuing appraisal of the condition of soil, water and related resources. The Act also requires a periodic update of the NCP. The SCS has leadership for the appraisal and program update.

In 1980, the first RCA Appraisal was issued and was used to develop the 1982 NCP. The second RCA provided the update for the NCP which will guide the conservation programs of eight USDA agencies during the period of 1988-97. It was released in October 1989 and contains the best data available on such resource issues as land use, erosion, range condition, and water supply and use.

The program update retains the major emphasis of the program established in 1982, with some fine tuning to respond to current and anticipated resource condition and use, as identified by the second appraisal. Under the updated NCP, USDA will:

- Direct the activities of its conservation programs to give top priority to (1) reducing erosion on agricultural lands, with emphasis on implementing the conservation title of the Food Security Act of 1985, and (2) improving and protecting the quality of surface and ground water in order to maintain the quantity of water available for beneficial uses.

- Strengthen the traditional partnership of Federal, State, and local agencies and private organizations. Ensure that the partnership is open to all members of the community.

- Continue to stress cost-effectiveness in all USDA conservation activities and increase consistency among USDA farm commodity and income support programs and the goals of USDA's conservation program.

SCS has given high priority to strengthening the conservation partnership. As a result of several RCA special studies, policies and procedures are being initiated to ensure that limited resource and minority farmers meet the conservation provisions of the 1985 Food Security Act and maintain their eligibility for the USDA programs. Staff assistance has been provided to the 1890 college and universities to find more effective ways of reaching and servicing limited resource farmers.

Policy Analysis Activities

A study of alternative conservation planning mechanisms was conducted during FY 1989. The study identified procedures for using group planning techniques to improve planning productivity and recommendations for implementation have been sent to all state conservationists.

In cooperation with the Soil and Water Conservation Society, a study of a sample of conservation plans developed under the conservation compliance provisions of the Food Security Act was initiated. It will be completed in the near future.

Staff work was completed to support policy and program development for the implementation of the USDA's Five-Year Water Quality Plan. Staff time was used to develop policy and program positions on the no net lost of wetland initiative and on alternative proposed conservation provisions in the 1990 Farm Bill.

A crop pesticide and nitrogen use survey was developed to compare the commodity and environmental features of the farm bill, identify areas for water quality actions and establish baseline information on chemical use patterns for the U.S.

SOIL SURVEYS

Current Activities: The SCS has leadership for the National Cooperative Soil Survey (NCSS). It is the only soil survey conducted by Federal, State, and local units of government and State Agricultural Experiment Stations. The NCSS is the process through which soils are studied in the field and in the laboratory. They are described and the boundaries plotted on eerial photographs. Soil interpretations explain alternative uses and behavior of the soils. The results of research on soils and of experience in using them contribute to these explanations.

The objective of the NCSS is to provide published soil surveys of counties or areas of comparable size. Publications are used by many agencies, organizations, and individuals.

Because of the Geographic Information System (GIS) technology these agencies, organizations and individuals have increased their demand for a computerized digital copy of this basic resource information. This technology has also increased the kinds of interpretations requested by old and new users, and has led to an increased workload for updating and maintaining existing soil information in a digital format.

The first soil surveys made were primarily for agricultural purposes. In about 1950, the soil survey program was revised and soils were identified and classified using basic soil properties. This enabled soils to be interpreted for additional users such as urban planners, engineers and other resource managers. By identifying the additional soil properties important to these particular users the usability of soil surveys was expanded.

A system of soil classification used in making soil surveys, called soil taxonomy, has been developed by SCS in cooperation with other interested agencies of State and local governments and many foreign contributors. Close adherence to this system of soil taxonomy allows knowledge and experience gained from one soil in one area to be used in other areas where the same kind of soil occurs. This is extremely useful since soil properties are rarely uniform over broad areas.

A soil survey is the basic inventory that forms the foundation for most SCS programs. It is the basis for determining the potential soil erosion hazard, wetlands, susceptibility or potential for ground water contamination, and suitability and productivity for cultivated crops, grasses, and trees. It is the basis for the conservation alternatives SCS provides to those who request assistance. It enables land users to predict how each kind of soil will respond to use, management, and treatment. Soil surveys are also of importance to planners, engineers, zoning commissions, tax commissioners, homeowners, developers, and others. Many have suffered severe losses when facilities were located on unsuitable soils for which appropriate treatment was not provided to compensate for unfavorable soil conditions. In many instances, the use of soil survey information in construction site selection can decrease initial construction cost as well as maintenance cost.

Soil surveys also provide a basis to help predict the impact of global warming on worldwide agricultural production and other land dependent processes. SCS provides soil scientists to assist users in understanding and in adapting the soil survey information to their particular needs.

Selected Examples of Recent Progress: As of September 30, 1989, soil maps that meet the current standards for all potential users had been prepared on an estimated 1.7 billion acres. During FY 1989, SCS soil scientists mapped 34,769,906 acres, and another 8,892,648 acres were mapped by other Federal, State, and local agencies in cooperation with SCS for a total of 43,662,554 acres mapped in FY 1989. Soil survey mapping was completed on 60 soil survey areas in FY 1989 and soil mapping should be completed on another 60 areas in FY 1990.

Soils mapping priority is currently being directed towards providing soils data in areas with significant amounts of unmapped highly erodible lands which are impacted by the conservation requirements of the Food Security Act of 1985.

State, local, and other Federal agencies involved in the NCSS provide about 15 percent of the funds and 20 percent of the personnel services used to produce soil maps and interpretive data.

Soil Survey Publications: A total of 65 soil surveys were edited and sent to the Government Printing Office during FY 1989. Soil surveys for 79 counties or soil survey areas were published in FY 1989.

SNOW SURVEY AND WATER SUPPLY FORECASTING

Current Activities: Snowmelt provides about 80 percent of the stream flow in the west. Agriculture along with municipal, industry, recreation and fish and wildlife are the primary users. SCS operates a network of 1,400 manual snow courses and 550 automatic data collection sites (SNOTEL) in the western United States and Alaska in order to forecast stream flow for the coming spring runoff season. These measurements are made in cooperation with other Federal, State and local agencies, power companies, irrigation companies, and the Provincial Government of British Columbia.

Water supply forecasts help irrigators make the most effective use of available streamflow for agricultural production needs. Farmers who irrigate more than 10 million acres of land in the western United States benefit from water supply forecasts. Other Federal agencies and private organizations also use water supply forecast information to help them carry out their missions. These forecasts also help the Federal government in administering international water treaties. State governments use the information in managing intrastate streams and interstate water compacts. Local governmental entities and industry use water supply forecasts to effectively manage available water supplies.

Data are gathered by SCS and cooperative agency personnel who travel to remote areas by snowshoes, skis, over-snow machines and aircraft about once a month. Data are also gathered daily at over 550 automatic data collection sites (SNOTEL sites). The instruments at these sites record the water equivalent of the snowpack, the temperature and total precipitation. As the data from SNOTEL sites are correlated with manual snow course data, the number of manual measurements will be reduced. During FY 1989, over 4,000 water supply forecasts were issued for use by the various water users.

In FY 1987, the Soil Conservation Service began an initiative to upgrade the SNOTEL data collection system and support equipment. The initiative includes upgrading 510 data collection sites in the existing SNOTEL system with new state-of-the-art equipment. The data collection site upgrade will replace snow pillows, transducers, damaged precipitation gages, antennas, towers, solar panels, batteries, temperature sensors and deteriorated shelter houses. In 1987 and 1988, state-of-the-art transceivers were purchased and installed at 234 SNOTEL sites. In 1989, 137 additional sites were upgraded. The initiative also includes upgrading the 3 master stations at Boise, Idaho; Ogden, Utah; and Anchorage, Alaska and the outdated SNOTEL computer system at the West National Technical Center at Portland, Oregon.

PLANT MATERIALS CENTERS

Current Activities: Plant Materials Centers (PMC's) are operated by or received technical assistance from SCS for assembling, testing, selecting, releasing, and providing for the commercial production of plants and the development of techniques for their effective use for protecting our natural resources of soil, air and water where existing plants and methods are not suitable or available. Priority of work is determined by the objectives and priorities of the National Conservation Program and specific conservation problems within each PMC's service area. Special emphasis is currently being placed on: (1) reducing erosion from cropland, selecting cover crops and developing systems for their use to provide winter cover on low residue crops such as cotton, and soybeans, (2) improving and protecting the quality of surface and groundwater by developing filter strips between cropland and streams; and artificial wetlands for removing pollutants from waste water; (3) protecting grazing resources range, pasture and forestland, (4) protecting upland reparion areas and coastal shorelines; (5) developing plants and systems for their use that support low input sustainable agriculture such as grass hedges for terrace building or replacing annual forage crops with perennial plants for use on erodible cropland with improved plant cover; and (6) accelerating commercial production of previously released conservation plants in high demand for use in the Conservation Reserve Program. Productivity improvement emphasis includes more automation of data gathering, and handling and faster technology transfer to the end user of plant materials results. The work at the centers includes cooperation with other Federal and State agencies, agriculture experiment stations, State departments of natural resources, conservation, and wildlife, and seed and nursery associations to encourage production and promotion of improved plants. The establishment of a new Plant Materials Center at Golden Meadow, Louisiana was initiated in 1989, and will be completely operational by the end of 1990.

Twenty PMC's are operated by SCS and six by cooperating agencies or by others. They are:

Operated by SCS:

Tuscson, Arizona
Booneville, Arkansas
Lockeford, California
Brooksville, Florida
Americus, Georgia
Molokai, Hawaii
Aberdeen, Idaho
Manhattan, Kansas
Quicksand, Kentucky
Golden Meadow, Louisiana*
*operational in 1989

Beltsville, Maryland
East Lansing, Michigan
Coffeeville, Mississippi
Elsberry, Missouri
Bridger, Montana
Cape May Courthouse, New Jersey
Big Flats, New York
Corvallis, Oregon
Knox City, Texas
Pullman, Washington

Operated by Cooperating Agencies with Technical Assistance and Funding by SCS:

Los Lunas, New Mexico (New Mexico State University)
Bismarck, North Dakota (North Dakota Association of SCD's)
Meeker, Colorado (White River and Douglas Creek Soil Conservation Districts with partial funding from SCS)
Nacogdoches, Texas (Stephen F. Austin University and East Texas Association of Conservation Districts)
Kingsville, Texas (Caesar Kleberg Wildlife Institute, Texas Agricultural and Industrial University, and South Texas Association of Conservation Districts.)

Other:

In addition to the 25 centers listed above, the State of Alaska operates a PMC at Palmer. SCS provides technical assistance to this center through cooperative agreement.

Comparative Plant Testing: During FY 1989, approximately 32,000 domestic and foreign plant collections were being comparatively evaluated at the PMC's. These plants are being evaluated for cropland cover crops, artificial wetlands, protecting range, pasture and forest resources, stabilizing critical areas such as sand dunes, streambanks, and shorelines, road cuts and fills, utility corridors and surface mined lands, grass hedges, and replacement of annual forage plants. Plants are also being evaluated for wind breaks to protect cropland, and providing wildlife food and cover. The final evaluation of new plants and cultural methods is made on farms and ranches in conservation districts under actual use conditions. There are over 3,100 such tests underway now.

Plant Releases for Commercial Production: The SCS, over the years, has released over 97 different varieties of conservation plants to commercial producers. Some varieties have been replaced with superior plants. Currently, over 92 improved varieties are in commercial production and use in conservation programs. Twelve new releases went to commercial producers in 1988.

Commercial production of SCS released conservation plants in FY 1989 was approximately 19 million pounds of seed, 17 million plant seedlings. PMCs expanded production in 1988 and 1989 of previously released plants to meet the demand of commercial producers who are supplying the conservation reserve program needs. The commercial value of this production was $70 million.

Plants for Solving Conservation Problems: Some of the major soil conservation problems for which plants are currently being evaluated including emphasis on emerging problems are as follows:

1. Reducing erosion on cropland:

- Conservation plants that are compatible with the cropping systems and reduce erosion are being developed. This will assist in future conservation compliance efforts. The Americus Georgia PMC expects to release some improved plants for this use soon. The Coffeeville, Mississippi PMC is entering the third year of studies to use cover crops and no-till production of cotton, procedures they have developed are being applied now.

- Arnstock rye, developed for use with potatoes in Maine is finding use for winter cover in low rainfall areas of the west.

2. Improving and protecting the quality of surface and ground water has become high priority work at several PMC's:

- A joint project to develop filter strip plants is underway in the Northeast by the Big Flats, New York and Cape May, New Jersey PMC's and the University of Rhode Island.

- Selecting the best plants to remove pollutants from agriculture and municipal waste water is being initiated by several PMC's.

3. Protecting range, pasture and forest grazing lands and improving forage quality and quantity continues to receive special emphasis particularly on low fertility, shallow, saline, or alkaline soils, and for use in arid and semiarid areas:

- Pete Eastern gamagrass was released cooperatively in 1989 by SCS, ARS and Kansas State University. Major evaluation efforts are underway at six other PMC's to increase the commercial use of this plant, resulting from a recent seed production break through by the Manhattan Kansas PMC.

- SCS, ARS and Utah Agriculture Experiment Station released a new kiera clover to increase protection and production of western meadow.

- Bison big blue stem was released in 1989 by the Bismarck, North Dakota PMC, ARS and three agriculture experiment stations.

- Western PMC's are accelerating efforts to use desirable plants to control the invasion or spread of noxious weeds on rangeland.

4. Developing plants and systems that support low input sustainable agriculture. There is a growing emphasis and priority at PMC's to address this potential. Two examples are:

- Replacing corn silage with a perennial grass. Because there is no residue remaining following the harvest of corn silage, the land is exposed to surface erosion over the winter. This is a particular problem where corn silage is commonly grown on sloping land. Perennial grasses which produce 60-70 percent as much total digestible nutrients as corn show potential. Such grasses will reduce fertilizer, energy and herbicide input significantly and eliminate erosion.

- Planting grass barriers. Grass barriers planted on the hillside show promise in third world countries for reducing runoff, improving infiltration and controlling erosion. This concept is to be evaluated at several PMC's. The cost of their establishment and maintenance is extremely small compared to structural measures.

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

River Basin Surveys and Investigations

For necessary expenses to conduct research, investigation, and surveys of watersheds of rivers and other waterways, in accordance with section 6 of the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1006-1009), [$12,292,000] $10,351,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $60,000 shall be available for employment under 5 U.S.C. 3109.

River Basin Surveys and Investigations

Appropriation Act, 1990...	$12,292,000
Budget Estimate, 1991...	10,351,000
Decrease in Appropriation...	-1,941,000

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
River Basin Surveys:				
1. USDA cooperative studies...........	$8,306,000	+$120,000	-$1,432,000	$6,994,000
2. Flood plain management assistance.........................	2,512,000	+29,000	-425,000	2,116,000
3. Interagency coordination and program formulation...........	1,474,000	+22,000	-255,000	1,241,000
TOTAL AVAILABLE........................	$12,292,000	+$171,000	-$2,112,000	$10,351,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Amount	1989 Staff Years	1990 estimated Amount	1990 estimated Staff Years	Decrease	1991 estimated Amount	1991 estimated Staff Years
River Basin Surveys:							
1. USDA cooperative studies............	$8,143,000	157	$8,306,000	155	-$1,312,000	$6,994,000	127
2. Flood plain mgmt. assistance.........	2,463,000	38	2,512,000	38	-396,000	2,116,000	31
3. Interagency coord and program form...	1,445,000	29	1,474,000	28	-233,000	1,241,000	23
Total available or est	$12,051,000	224	$12,292,000	221	-$1,941,000	$10,351,000	181

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Amount	1989 Staff Years	1990 estimated Amount	1990 estimated Staff Years	Increase or Decrease	1991 estimated Amount	1991 estimated Staff Years
River Basin Surveys:							
1. USDA cooperative studies............	$8,092,636	157	$8,306,000	155	-$1,312,000	$6,994,000	127
2. Flood plain mgmt. assistance.........	2,447,701	38	2,512,000	38	-396,000	2,116,000	31
3. Interagency coord. and program form...	1,436,194	29	1,474,000	28	-233,000	1,241,000	23
Total direct oblig....	11,976,531	224	12,292,000	221	-1,941,000	10,351,000	181
Unobligated balance lapsing..............	(+74,469)	(--)	(--)	(--)	(--)	(--)	(--)
Total available or est	(12,051,000)	(224)	(12,292,000)	(221)	(-1,941,000)	(10,351,000)	(181)
Reimbursable oblig....	773,724	23	998,000	30	+2,000	1,000,000	30
Obligational authority	$12,750,255	247	$13,290,000	251	-$1,939,000	$11,351,000	211

SOURCES OF REIMBURSEMENTS

Project	1989 Actual	1990 estimated	Increase or Decrease	1991 estimated
River Basin Surveys:				
USDA cooperative studies..........	$ 38,000	$167,000	--	$ 167,000
Flood Insurance Studies...........	405,999	406,000	-$126,000	280,000
Other Federal Sources.............	121,360	158,000	+126,000	284,000
Other Non-Federal Sources.........	208,365	267,000	+2,000	269,000
Total reimbursements..............	$773,724	$998,000	+$2,000	$1,000,000

OUTLAYS

Project	1989 Actual	1990 estimated	Increase or Decrease	1991 estimated
River Basin Surveys:				
1. USDA Cooperative Studies...	$8,578,362	$9,444,000	-$2,058,000	$7,386,000
2. Floodplain management assistance................	2,078,397	2,288,000	-499,000	1,789,000
3. Interagency coordination and program formulation..	1,501,220	1,654,000	-361,000	1,293,000
Total Outlays..................	$12,157,979	$13,386,000	-$2,918,000	$10,468,000

EXPLANATION OF PROGRAM

The appropriation "River Basin Surveys and Investigations," funds three activities as authorized by Public Law 83-566, as amended. The Department cooperates with other Federal and State agencies in making surveys and investigations of watersheds of rivers and other waterways. Activities include:

1) USDA Cooperatives Studies:

The Department participates in:

-- Studies of agricultural and other rural land and water resources within river basins to gather basic data on existing and potential water supplies, present and future land use, current and potential economic development, and existing erosion and sediment problems.

-- Studies and investigations are made of agricultural, rural, and upstream water and land resources and problems to determine corrective actions needed and potentials for conservation, use, and development. Evaluations include:

  -- Erosion and sediment damage to rural lands and properties,

  -- Upstream floodwater damage to rural lands and properties,

  -- Maintaining existing drainage of agricultural lands,

  -- Agricultural drought problems and potential for water conservation,

  -- Agricultural water needs for livestock and domestic use,

  -- Forest-based industries,

  -- Municipal and industrial water needs.

The planning activity gives consideration to finding alternative combinations of land treatment, structural and nonstructural measures to solve the area's problems, meet the identified needs, and develop the indicated potentials.

2) Floodplain management assistance:

-- Is carried out in cooperation with State and local governments,

-- Identifies flood hazards on selected floodplain reaches,

-- Provides reports which include flood profiles and maps showing areas subject to flooding by select frequency floods,

-- Provides information needed by State and local governments to implement land use and floodplain management programs.

3) Interagency Coordination and Program Formulation:

-- Provides national policy and program leadership direction to studies of river basins, floodplain management, and Colorado River Salinity activities;

-- Provides USDA participation in water policy and program coordination at the National level.

-- Provides USDA membership and participation in the activities of three Federal-State Interagency Committees (SEBIAC, PSIAC, AWRBIAC), the Susquehanna and Delaware River Basin Commissions, and other regional entities involved in water and related resource planning and coordination.

-- Provides reviews of proposed reports and water projects of other Departments and agencies.

The following tabulation shows the number of surveys and obligations by type of survey for fiscal years 1989, 1990, and 1991.

	1989	1990	1991
1. Surveys in cooperation with State and other Federal agencies:			
a. Surveys in progress, start of year........................	74	75	77
b. Surveys initiated during year........................	16	15	--
c. Surveys worked during year...	90	90	77
d. Surveys completed during year	15	13	12
e. Surveys in progress, end of year........................	75	77	65
Cumulative total surveys initiated....................	361	376	376
Cumulative total surveys completed....................	288	301	313
Total Cost Cooperative Surveys (000's).........................	$8,093	$8,306	$6,994
2. Floodplain management assistance program:			
(a) States participating in Flood Plain Mgmt. Studies..	30	32	23
1. Ongoing Studies (SOY).......	74	79	81
2. New Studies.................	19	15	-
3. Completed Studies...........	14	13	13
4. Ongoing Studies (SOY).......	79	81	68
5. Cumulative total completed..	478	491	504
Total Cost Flood Plain Management Studies (000's)..................	$2,448	$2,512	$2,116
(b) Reimbursable Flood Insurance Studies (non-add) (000's)...	($406)	($406)	($280)
1. Ongoing Studies (SOY)........	12	8	2
2. New Studies..................	8	-	-
3. Completed Studies............	12	6	2
4. Ongoing Studies (EOY)........	8	2	-
5. Cumulative Total completed...	501	507	509
3. Interagency coordination and program formulation (000's).....	$1,436	$1,474	$1,241
Total direct obligations (000's)...	$11,977	$12,292	$10,351

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease in appropriation (and in available funds) of $1,941,000 for the River Basin Surveys and Investigations program ($12,292,000 available in 1990) consisting of:

(a) A program decrease of $2,112,000 for the River Basin Surveys and Investigations program.

Need for Change. The proposed reduction reflects the continuing program emphasis on reducing the size and scope of River Basin studies, and on directing work to high priority resource concerns in areas where there is a high level of local participation and commitment to implementing study recommendations with other than federal program funds.

Nature of Change. Work on ongoing USDA cooperative studies, floodplain management studies and interagency coordination and program formulation would continue at about eighty five percent of the current level. No new studies would be initiated. Emphasis will be placed on continuing studies underway that address highest priority resource problems and where non-federal sponsors have made the financial commitment to implement plans resulting from program studies. Efforts will continue to reduce the size and scope of cooperative studies. No new reimbursable flood insurance studies would be initiated and work on existing studies would be slowed.

(b) An increase of $171,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

Soil Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 and estimated 1990 and 1991
RIVER BASIN SURVEYS AND INVESTIGATIONS

	1989		1990		1991	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
ALABAMA	$167,436	4	$205,065	4	$172,728	3
ALASKA	248,797	5	207,137	4	174,473	3
ARIZONA	204,001	4	186,423	4	157,025	3
ARKANSAS	256,774	5	269,277	5	226,815	4
CALIFORNIA	514,298	10	483,664	8	407,394	7
COLORADO	119,372	3	176,066	4	148,302	3
CONNECTICUT	100,501	2	144,996	3	122,131	3
DELAWARE	104,539	2	93,211	2	78,513	2
FLORIDA	198,998	4	207,137	4	174,473	3
GEORGIA	200,877	4	227,850	4	191,920	3
HAWAII	98,967	2	47,641	1	40,129	1
IDAHO	210,799	4	207,137	3	174,473	3
ILLINOIS	272,897	5	258,921	4	218,091	3
INDIANA	308,315	6	289,991	5	244,262	4
IOWA	298,462	6	310,705	6	261,709	5
KANSAS	228,798	4	238,207	4	200,644	3
KENTUCKY	188,105	4	207,137	4	174,473	3
LOUISIANA	179,059	4	186,423	4	157,025	3
MAINE	79,810	2	72,498	2	61,065	1
MARYLAND	85,600	2	82,855	2	69,789	1
MASSACHUSETTS	95,753	2	143,442	3	120,822	3
MICHIGAN	218,297	4	207,137	3	174,473	3
MINNESOTA	288,597	6	310,705	6	261,709	4
MISSISSIPPI	288,601	6	289,991	5	244,262	4
MISSOURI	368,200	8	419,451	9	353,307	7
MONTANA	229,798	4	148,103	3	124,748	3
NEBRASKA	318,399	6	333,490	6	280,901	4
NEVADA	49,795	1	51,784	1	43,618	1
NEW HAMPSHIRE	176,776	4	103,568	2	87,236	2
NEW JERSEY	59,519	1	103,568	2	87,236	2
NEW MEXICO	114,393	2	113,925	2	95,960	2
NEW YORK	186,013	4	186,423	3	157,025	3
NORTH CAROLINA	238,799	5	318,990	7	268,688	5
NORTH DAKOTA	199,002	4	217,493	4	183,196	3
OHIO	284,419	5	310,705	6	261,709	4
OKLAHOMA	109,399	2	134,639	3	113,407	2
OREGON	73,531	2	0	0	0	0
PENNSYLVANIA	109,354	2	134,639	3	113,407	2
RHODE ISLAND	38,300	1	51,784	1	43,618	1
SOUTH CAROLINA	209,000	4	227,850	4	191,920	3
SOUTH DAKOTA	49,782	1	60,070	1	50,597	1
TENNESSEE	218,902	4	238,207	5	200,644	4
TEXAS	278,575	4	331,418	6	279,156	5
UTAH	148,826	3	144,996	2	122,131	3
VERMONT	151,147	3	155,352	3	130,855	3
VIRGINIA	144,276	3	88,033	2	74,151	2
WASHINGTON	240,781	4	258,921	4	218,091	3
WEST VIRGINIA	253,846	5	258,921	5	218,091	4
WISCONSIN	119,400	3	144,996	3	122,131	3
WYOMING	174,101	4	180,209	4	151,791	3
CHESTER NTC	69,598	1	72,498	1	61,065	1
FORT WORTH NTC	297,564	6	310,705	6	261,709	5
LINCOLN NTC	124,398	3	144,996	3	122,131	3
PORTLAND NTC	68,560	1	93,211	2	78,513	2
PACIFIC BASIN	0	0	90,104	2	75,896	2
NATIONL HDQTRS	1,087,166	11	957,335	10	806,372	8
FS ALLOCATION	827,259	13	852,000	12	715,000	10
Total available or Estimate	$11,976,531	224	$12,292,000	221	$10,351,000	181

RIVER BASIN SURVEYS AND INVESTIGATIONS

STATUS OF PROGRAM

The Watershed Protection and Flood Prevention Act, Public Law 83-566, Section 6, August 4, 1954, provides for cooperation with other Federal, State, and local agencies in making investigations and surveys of river basins as a basis for the development of coordinated water resource programs. Reports of the investigations and surveys serve as guides for the development of water, land, and related resources in agricultural, rural, and upstream watershed settings. They also serve as a basis for coordination with downstream and other phases of water development.

The Soil Conservation Service has leadership for administering river basin surveys, investigations, and planning activities including the development of general principles, criteria, and procedures; determining land resources availability and land uses; appraising physical problems and needs; determining water, land, and related resources potential of upstream watersheds; and coordinating programs with other agencies. During FY 1989, the Soil Conservation Service obligated $11,149,272 of the available program funds.

The Forest Service is responsible for forestry aspects of river basin planning, both Federal and non-Federal, and for rangelands administered within National Forests and for the analysis and projection of economic activity related to forest industries. During FY 1989, the Forest Service obligated $827,259 of the available program funds.

Other agencies in the Department participate in reviews and provide inputs where items of concern to the agency are involved.

COOPERATIVE RIVER BASIN SURVEYS

Current activities: The Department analyzes and projects the soil erosion, upstream flooding, and water use in the basin. Agricultural, water, land, and related resources problems are studied to determine corrective actions needed and potentials for resource management and development. Studies are made of erosion, floodwater, and sediment damage to rural lands and properties; problems related to and methods to preserve prime and unique farmlands; agricultural drought problems; opportunities for water conservation, improved instream flows and water quality improvement; and water needs for livestock, rural domestic use, fish, wildlife, forest-based industries, municipalities, and industries. The combination of these activities has a positive effect on rural revitalization.

The inventories and analyses of water, land, and related resources in upstream watersheds consist of identification of the most critical resource problems to agriculture and rural communities including wetlands and water storage capacity; flooding; the effect of land use and management practices including the use of chemicals on erosion, water quality and flow characteristics; the potential effect of agricultural, rural and upstream watershed management alternatives on erosion and watershed runoff characteristics; rural development; and other State water resources concerns. Consideration is given to the effects of potential water resource projects on lands and programs administered by the Department.

Types of investigations and surveys conducted include USDA Cooperative River Basin surveys and Joint USDA-Corps of Engineers Studies (PL 87-639).

USDA Cooperative Surveys with Local, State, and Concerned Federal Agencies: The Department cooperates with local, State, and concerned Federal agencies in the preparation and updating of State water resource plans and special water, land, and related resources studies. The Department helps States coordinate upstream and downstream elements of water, land, and related resources planning activities. Through FY 1989 the Department has initiated 361 cooperative surveys and has completed 287.

Joint USDA - Corps of Engineers Studies (PL-87-639): Upon request by the Congress, USDA cooperates with the U.S. Army Corps of Engineers in joint investigations and surveys for solving water and related resource problems for river basins or other specific problem areas. Two studies are expected to be in planning during FY 1990.

FLOOD PLAIN MANAGEMENT ASSISTANCE PROGRAM

Current Activities: The Soil Conservation Service assists local governments in developing and implementing local flood plain management programs by carrying out cooperative flood plain management studies in accordance with A Unified National Program for Flood Plain Management. Local governments request flood plain management studies from the State agency, which determines the priority for a study. Each study is carried out consistent with a plan of work developed by the local government and the SCS. Studies may include identification of State and locally adopted non-structural measures for flood plain management, flood hazard determination, dam breach hazards, flood proofing, and interpretation of technical data to assist communities in their flood plain management decisions.

The information generated serves as the basis for recommendations to conservation district cooperators and State and local planners and officials regarding proposed land use changes; assisting rural upstream communities with their flood plain management programs and location and use of wetlands; and determining the flooding hazard of proposed housing and building sites for other agencies, such as the Farmers Home Administration. These studies also help identify local implementation programs for flood proofing, emergency preparedness, and other flood plain management activities. The information developed in flood plain management studies is also utilized in a variety of USDA ongoing programs. The study findings are used in watershed planning and preplanning, river basin surveys and investigations, the reevaluation of flood plains below completed watershed projects, and determining suitability of proposed resource conservation and development measures. A total of 551 flood plain management studies have been initiated through FY 1989; 475 studies have been completed.

Flood Insurance Studies. SCS performs reimbursable flood insurance studies for the Federal Emergency Management Agency under Section 1360c of the National Flood Insurance Act of 1968 (Public Law 90-448). Flood insurance studies provide the technical information to enable communities to adopt floodplain management regulations to meet the requirements of the National Flood Insurance Program. SCS initiated 8 new flood insurance studies in FY 1989 and has completed a total of 501 detailed flood insurance studies.

INTERAGENCY COORDINATION AND PROGRAM FORMULATION

Interagency coordination and program formulation in water and related land resources are achieved at the Federal level through the Cabinet Council on Natural Resources and Environment. The Secretary of Agriculture is a member of the Council. The Secretary has also organized a Policy Coordination Council in the Department. USDA agencies provide input to the study of water policy and program related issues to the cabinet council and the USDA Policy Council through the USDA Natural Resources and Environment Committee (NREC) chaired by the Assistant Secretary for Natural Resources and Environment. A number of task forces and ad hoc subgroups have been organized to provide staff support to the NREC.

At the field level, coordination of regional and river basin planning has been achieved through River Basin Commissions, Interagency Committees, and ad hoc coordinating committees. With the discontinuance in FY 1982 of River Basin Commissions formed under the Water Resources Planning Act of 1965, PL 89-80, other regional entities have replaced the Commissions. The Soil Conservation Service continues to represent the Department when USDA representation is needed on the newly formed regional entities.

SELECTED EXAMPLES OF RECENT PROGRESS AND ACCOMPLISHMENTS

Study priorities for Cooperative River Basin Surveys are identified in the National Conservation Program as erosion reduction, flood prevention, water conservation, and water quality improvement. A total of 16 Cooperative River Basin Surveys and 19 flood plain management studies were started in FY 1989.

Water Quality Improvement: All of the Cooperative River Basin Surveys started in 1989 incorporated water quality improvement as a study concern. Water quality improvement focuses on off-site effects from agricultural non-point source pollutants, groundwater, water quality effects, and animal waste management.

Studies will evaluate the existing off-site surface and groundwater quality problems, estimate the environmental and economic damages, identify the sources of the non-point agricultural pollutants, predict future loadings based on agriculture trends, develop alternative best management practices (BMP's) to reduce the off-site problems, prioritize areas of potential treatment, and prepare a report for conservation districts and state agencies to use in implementing BMP's. Studies have been selected based on being consistent with priority problem areas as recognized by the appropriate state agency who manages water quality improvement, the critical resource being adversely impacted, and the concentration of agriculture.

About 88 percent of the implementation of improvements in agricultural non-point pollution is expected to come from State and local sources. Existing state cost sharing programs would be used for implementation in four states. They are the Maryland Agriculture Cost Share Program, the North Carolina Cost Share Program for Nutrient Sensitive Watersheds, and Pennsylvania State Chesapeake Bay Cleanup Funds and Puget Sound Water Quality Improvement in Washington. Other sources of state and local funds are state water quality improvement appropriations, local taxing entities responsible for water quality management, grants from the Environmental Protection Agency, and funding from individuals.

Activities That Support Local Implementation: Both cooperative river basin surveys and flood plain management studies provide technical assistance to state and local agencies. Technical assistance is provided to assist state and local agencies to formulate soil erosion reduction, flood prevention, water conservation, and water quality plans. State and local as well as private resources are then used to implement the plans.

A concentrated effort has been made to emphasize studies that have a high potential of implementation with state and local funds instead of USDA funds. In FY 1989, about 66 percent of the funds to implement the study findings were from state and local sources. The following is a list of 1989 starts that used state and local funding to implement the study findings. The term 'CRBS' means Cooperative River Basin Study and 'FPMS' means Flood Plain Management Study.

Study starts with 100 percent local implementation

State	Name	Kind
AR	Ashdown, City of	FPMS
AR	Dumas, City of	FPMS
AZ	City of Sedona	FPMS
AZ	Northern Sulphur Springs Valley	FPMS
CT	Housatonic River (MA, NY)	CRBS
CT	Floodwater Management	FPMS
FL	Phillipi Creek	FPMS
FL	Scipio Creek	FPMS
GA	Towns County	FPMS
ID	Erosion - Water Quality Studies	CRBS
MO	Weston's Bear Creek	FPMS
MT	Impaired Water Quality	CRBS
MT	Little Blackfoot River	FPMS
NC	Guilgord County	CRBS
ND	Williston	FPMS
NH	Water Resource Management	CRBS
NH	Souhegan River	FPMS
NV	Railroad Canyon	FPMS

OH	Nonpoint Source Problem	CRBS
RI	Water Resource Management Guidelines	CRBS
SC	Edisto River Water Quality	CRBS
SC	Isle of Palms	FPMS
SC	Sullivans Island	FPMS
SD	Water Quality Assessment	CRBS
VA	Hydrologic Unit	CRBS
VT	Floodwater Management	FPMS
WI	Statewide Land Cover Mapping	CRBS

COOPERATIVE RIVER BASIN STUDIES

Hydrologic Units Resource Evaluation (Illinois). This study was initiated to address concerns of local people in reducing sediment and improving the water quality, and to identify hydrologic units which need further study.

The study recommended that resource plans be developed and implemented on high priority hydrologic units. The plans would include quantification of existing resources, identification of problems, alternative solutions and evaluations, and a plan of action.

As a result of this study, the Illinois Department of Agriculture has submitted a funding proposal to the state legislature for sediment control and water quality for several hydrologic units in the Peoria Lakes River Basin. Also, the Illinois Department of Conservation has agreed to concentrate their efforts on hydrologic units in the Cache River Basin that contain unique natural areas such as Buttonland Swamp and Blue Heron Pond.

The study was made by SCS in cooperation with the Illinois Department of Agriculture, and Illinois Association of the Soil and Water Conservation Districts.

Shambip CRBS (Utah). This study was initiated to reduce flooding, erosion, and sediment damages, increase efficiency of irrigation water use, and improve rangeland conditions.

Study recommendations include conservation tillage and no-till cropland and placement of potentially highly erodible land in the conservation reserve; a grazing system with brush control and fencing to facilitate management of range resources; installation of an irrigation project with a pump lift and new canals to increase land with a full water supply; and rehabilitation of an extensive flood channel to reduce flood damage.

As a result of the study, an extensive flood channel rehabilitation, improvement, and expansion program was initiated and completed in Tooele Valley to prevent future flood damage from the major streams. Also, in Rush and Tooele Valleys a comprehensive resource system plan was developed. Installation of an irrigation diversion structure, collection pipeline, storage and regulating reservoirs, distribution pipeline, and on-farm sprinkler irrigation systems have now all been completed. The grazing lessee on the North Depot has installed fences and stockwater pipelines and some brush management practices.

The study was made by SCS in cooperation with the Utah Departments of Natural Resources and Agriculture, Utah Soil Conservation Commission, Forest Service, Bureau of Land Management, and Tooele County.

Upper Minnesota River Subbasins CRBS (Minnesota). This study was to reduce flooding and erosion damages.

Study recommendations include floodplain zoning, relocation, and floodproofing to minimize damages to buildings and crops; designing bridge culverts for water management; building a floodwater retarding reservoir and removal of trees and debris from channels to reduce flooding; and the installation of streambank stabilization measures and removal of highly erodible land from crop production to help prevent erosion.

As a result of the study, a 10-county Joint Power Group was organized and have hired staff to use the study data to solve flooding and other resource problems. The Minnesota Department of Natural Resources has used the study data to set flood hazard evaluation priorities, and the county has used the data to design bridge culverts for water management. Also, streambank stabilization measures have been installed in Redwood, Lyon, and Yellow Medicine Counties.

The study was made by SCS in cooperation with the Army Corps of Engineers.

FLOOD PLAIN MANAGEMENT STUDIES

Oostanaula Creek FPMS (Tennessee). This study was initiated to address the problems resulting from flooding such as erosion and impaired water quality from animal waste.

Study recommendations include applying for approval and implementation as a National Water Quality Special Project. This approval was obtained and provides cost-share and technical assistance for installation of measures such as contour strip-cropping and pasture and hayland planting for erosion control and filter strips, grassed waterways/outlets, stream crossings and fencing for water quality.

The study was conducted by SCS in cooperation with the city of Athens and the Soil Conservation Districts of McMinn and Monroe Counties.

Waushara County FPMS (Wisconsin). This study was initiated to define flood characteristics of the Pine River and for planning the use and regulation of the floodplains.

Study recommendations include development and enforcement of a floodplain ordinance; regulate development in nonsuitable areas; floodproofing and removal of buildings from the floodplain; preparation of a management plan for flowage operation on the river system; and automation of the outlet works using the existing control equipment for the hydroelectric generators.

As a result of the study, county zoning regulations were imposed on over 30 miles of river, and a breach analysis was made of four low-head dams in an area which is also now zoned.

This study was made by SCS in cooperation with the Division of Enforcement of the Wisconsin Department of Natural Resources.

Coldwater River FPMS (Michigan). This study was initiated to reduce flood damage and loss of life by limiting development in the floodplain.

Study recommendations include providing flood hazard information to lending institutions and prospective property buyers; adopting floodplain regulations for preventing development; and acquisition of flood prone areas for parks, open space, wildlife habitat and other public uses.

As a result of this study the sponsors have adopted resolutions indicating they intend to use the technical information from the floodplain management study as a basis for adopting zoning regulations, health and building codes, subdivision control and other regulations needed to preserve the environmental quality.

This study was made by SCS in cooperation with the Land and Water Management Division of the Michigan Department of Natural Resources.

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed Planning

For necessary expenses for small watershed investigations and planning, in accordance with the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1008), [$8,824,000] $6,875,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $50,000 shall be available for employment under 5 U.S.C. 3109.

Watershed Planning

Appropriation Act, 1990..	$8,824,000
Budget Estimate, 1991..	6,875,000
Decrease in Appropriation..	-1,949,000

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Watershed Planning..................	$8,824,000	+$113,000	-$2,062,000	$6,875,000

PROJECT STATEMENT
(On basis of appropriation)

	1989		1990 estimated			1991 estimated	
Project	Amount	Staff Years	Amount	Staff Years	Decrease	Amount	Staff Years
Watershed Planning....	$8,651,000	168	$8,824,000	167	-$1,949,000	$6,875,000	126

PROJECT STATEMENT
(On basis of available funds)

	1989		1990 estimated		Increase or Decrease	1991 estimated	
Project	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Direct Obligations:							
Watershed Planning:							
1. Small watershed planning authorized by PL-566..........	$8,591,230	168	$8,824,000	167	-$1,949,000	$6,875,000	126
Unobligated balance lapsing.............	(+59,770)	--	--	--	--	--	--
Total available or est	(8,651,000)	(168)	(8,824,000)	(167)	(-1,949,000)	(6,875,000)	(126)
Reimbursable oblig....	195,227	4	297,000	6	+3,000	300,000	6
Obligational authority	$8,786,457	172	$9,121,000	173	-$1,946,000	$7,175,000	132

SOURCES OF REIMBURSEMENTS

	1989 Actual	1990 Estimated	Increase	1991 Estimated
Within USDA......................	--	--	--	--
Other Federal Sources............	$42,077	$64,000	--	$64,000
Non-federal Sources..............	153,150	233,000	+3,000	236,000
Total reimbursements.............	$195,227	$297,000	$+3,000	$300,000

OUTLAYS

Small watershed planning authorized by PL-566...........	$8,411,010	$9,143,000	-$1,996,000	$7,147,000

EXPLANATION OF PROGRAM

The appropriation "Watershed Planning," funds activities authorized by the Watershed Protection and Flood Prevention Act (Public Law 83-566), as amended, which relate to planning of individual watershed projects.

The Department makes surveys of proposed small watershed projects and prepares plans in cooperation with local sponsors. The planning activities consist of:

-- Cooperation between the Federal Government and State governments and their political subdivisions in assisting local sponsoring organizations develop plans for proposed watershed projects,

-- Conducting surveys and investigations to determine the land and water resource problems and opportunities within the watershed,

-- Studying alternatives to provide the best combination of land treatment, nonstructural, and structural measures for the protection, conservation, development, management, and utilization of land, water, and related resources,

-- Compiling information that is the basis for mutual agreement by the Department, local organizations, and the public concerning the possible alternative solutions which will best meet environmental, social, and economic goals,

-- Making environmental assessments concurrently with other planning efforts for every proposed watershed project, and

-- Preparing environmental impact statements when applicable and making them available to the public.

The watershed plans:

-- Identify the soil and water management problems in the watershed.

-- List the steps that have been or are authorized to be taken to alleviate these problems.

-- Outline the proposed works of improvement to be installed.

-- Itemize the estimated benefits and costs.

-- Set out the cost-sharing and operation and maintenance arrangements.

-- Present other facts necessary to justify Federal participation in project development.

The following table lists actual and projected progress for small watershed applications, planning, and operations.

Activity	1989 Actual	1990 Estimate	1991 Estimate
1. Application for planning assistance:			
On hand, cumulative, start of year...	2,377	2,375	2,385
Net change during year...............	-2	10	20
On hand, cumulative, end of year.....	2,375	2,385	2,405
Consisting of:			
a. Authorized for planning..........	2,084	2,114	2,144
b. Available for planning...........	291	271	261

Activity	1989 Actual	1990 Estimate	1991 Estimate
2. Status of planning:			
Authorized, cumulative, start of year	2,066	2,084	2,114
LESS:			
Suspended or terminated, cumulative, start of year......................	487	509	515
Completed, cumulative, start of year.	1,462	1,481	1,511
SUBTOTAL:			
Planning in process, start of year...	117	94	88
PLUS:			
New authorizations during year.......	18	30	25
LESS:			
Terminated during year...............	22	6	6
Completions during year..............	19	30	20
Planning in process, end of year.....	94	88	87
3. Status of projects in operations:			
Uncompleted projects start of year...	765	770	780
Projects approved for operations.....	19	30	20
New construction starts..............	1	20	10

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease in appropriation (and available funds) of $1,949,000 for Small Watershed Planning authorized by PL-566 consisting of:

(a) A program decrease of $2,062,000 for watershed planning activities.

Need for Change. The proposed reduction reflects the need to achieve a more efficient balance between watershed project planning and construction, and to fund only those plans for projects that address high priority, national environmental concerns.

Nature of Change. Planning activities would continue at about 78 percent of the 1990 level. Federal funding for the program would provide for the orderly development of watershed plans, each of which must be cost effective and environmentally sensitive. These plans serve the public interest by formulating solutions to the country's most critical soil erosion problems, cropland and rural community flooding problems, and water conservation problems. In FY 1991, about 25 new planning projects would be initiated from about 261 viable applications available for new planning starts. Priority would be given to plans that address national environmental concerns and where local sponsors are willing and able to pay for the costs of measure installation following completion of the plan. Work on plans already in process would be slowed, and work on low priority plans would be discontinued. Plan completions in FY 1991 would be reduced to 20, or about two-thirds of the 1990 level.

(b) An increase of $113,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 and Estimated 1990 and 1991
WATERSHED PLANNING

	1989		1990		1991	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA........	$208,309	5	$210,974	5	$161,372	3
ALASKA.........	0	0	0	0	0	0
ARIZONA........	79,599	2	84,390	2	64,549	1
ARKANSAS.......	185,094	4	185,657	4	142,008	3
CALIFORNIA.....	432,799	10	449,375	10	343,723	7
COLORADO.......	144,282	3	131,859	3	100,858	2
CONNECTICUT....	14,499	-	100,213	2	76,652	2
DELAWARE.......	74,598	2	79,115	2	60,515	1
FLORIDA........	59,698	2	63,292	2	48,412	1
GEORGIA........	89,592	2	94,938	2	72,618	2
HAWAII.........	159,202	3	200,426	4	153,304	3
IDAHO..........	38,782	1	41,140	1	31,468	1
ILLINOIS.......	98,318	3	105,487	3	80,686	2
INDIANA........	135,242	2	126,585	2	96,823	2
IOWA...........	269,491	5	246,840	5	188,806	4
KANSAS.........	304,502	5	316,461	5	242,058	4
KENTUCKY.......	114,537	3	116,036	2	88,755	2
LOUISIANA......	154,152	3	152,956	3	116,995	2
MAINE..........	103,041	2	126,585	2	96,823	2
MARYLAND.......	59,698	1	63,292	1	48,412	1
MASSACHUSETTS..	29,951	1	0	0	0	0
MICHIGAN.......	77,573	2	81,225	2	62,128	1
MINNESOTA......	161,200	3	170,889	3	130,712	3
MISSISSIPPI....	117,398	3	126,585	3	96,823	2
MISSOURI.......	308,400	7	321,736	6	246,093	5
MONTANA........	171,101	3	274,267	5	209,784	4
NEBRASKA.......	287,594	7	290,090	7	221,887	5
NEVADA.........	0	0	0	0	0	0
NEW HAMPSHIRE..	199,300	4	7,384	-	5,648	-
NEW JERSEY.....	78,999	2	84,390	2	64,549	1
NEW MEXICO.....	19,760	1	26,372	1	20,172	1
NEW YORK.......	122,390	2	158,231	3	121,029	2
NORTH CAROLINA.	259,200	5	226,797	4	173,475	3
NORTH DAKOTA...	89,600	2	94,938	2	72,618	1
OHIO...........	189,049	4	205,700	4	157,338	3
OKLAHOMA.......	393,961	8	394,522	8	301,766	6
OREGON.........	59,563	2	179,328	4	137,166	3
PENNSYLVANIA...	64,697	2	68,567	1	52,446	1
RHODE ISLAND...	59,637	1	63,292	1	48,412	1
SOUTH CAROLINA.	0	0	21,097	-	16,137	-
SOUTH DAKOTA...	109,403	3	105,487	2	80,686	2
TENNESSEE......	136,299	3	142,408	3	108,926	2
TEXAS..........	328,382	5	337,559	5	258,196	4
UTAH...........	49,445	1	52,744	1	40,343	1
VERMONT........	36,203	1	63,292	1	48,412	1
VIRGINIA.......	75,189	2	89,664	2	68,583	1
WASHINGTON.....	84,578	2	79,115	2	60,515	1
WEST VIRGINIA..	213,873	4	195,151	4	149,269	3
WISCONSIN......	0	0	42,195	1	32,274	1
WYOMING........	39,801	1	68,567	1	52,446	1
CHESTER NTC....	199,001	4	210,974	4	161,372	3
FORT WORTH NTC.	318,104	6	337,559	6	258,196	4
LINCOLN NTC....	248,793	3	305,913	6	233,990	4
PORTLAND NTC...	609,914	9	312,242	5	238,831	4
PACIFIC BASIN	0	0	74,896	1	57,287	1
NATIONL HDQTRS.	515,161	4	487,203	3	372,654	3
FS ALLOCATION..	212,276	3	228,000	4	300,000	3
TOTAL Available or Estimate	$8,591,230	168	$8,824,000	167	$6,875,000	126

WATERSHED PLANNING

STATUS OF PROGRAM

The Watershed Protection and Flood Prevention Act, Public Law 83-566, August 4, 1954, provides for cooperation between the Federal Government and the States and their political subdivisions in a program of watershed planning. The watershed planning work of the Department consists of assisting sponsoring local organizations to develop a plan on watersheds not exceeding 250,000 acres. The soil erosion, flooding, water and land management, and sedimentation problems in a watershed are described and works of improvement are proposed to alleviate these problems. The resulting watershed plans form the basis for installing needed works of improvement. Plans also include conservation land treatment needed to conserve and protect land, water, and related resources. Plans include estimated benefits and costs, cost-sharing, operation and maintenance arrangements, and other information necessary to justify Federal assistance for carrying out the plan.

PROGRAM ASSIGNMENTS

The Soil Conservation Service is responsible for administration of the Watershed Planning Program. During FY 1989, the Soil Conservation Service obligated $8,378,954 of the funds for watershed planning.

The Forest Service is responsible for planning the forestry measures for national forest lands and for fire prevention forestry measures on non-Federal forest lands in the watersheds. During FY 1989, the Forest Service obligated $212,276 of the funds for watershed planning.

In addition to those agencies receiving allocations, other Federal agencies are reimbursed for services as needed. The Economic Research Service assists with development of criteria to be used in economic analysis of watershed projects. The Department of the Interior's Bureau of Land Management and Bureau of Indian Affairs are provided funds when needed to plan watershed measures for Federal lands which they administer. The National Oceanic and Atmospheric Administration of the Department of Commerce and the U.S. Geological Survey of the Department of the Interior provide precipitation and runoff data.

Developing Watershed Plans

Watershed planning is a coordinated investigation of the physical, environmental, social, and economic conditions specific to a watershed. The plan displays the benefits and opportunities for conservation, development, and management of land, water, and related resources. Planning includes an analysis of alternatives to solve watershed problems and to find the most cost effective, acceptable solution. Watershed planning requires the skills of soil conservationists, economists, hydrologists, geologists, foresters, and engineers. Support is provided by soil scientists, social scientists, biologists, plant technologists, and recreation and environmental specialists. Interested Federal, State, and local agencies and the general public are given an opportunity and are encouraged to participate in and contribute to the planning process. This assures that works of improvement included in plans are consistent with other programs and are compatible with local, regional and national goals. Each watershed is planned so that the national economic development objective is reasonably maximized. The plan must be one which the local people are able, willing, and ready to install with assistance provided under the program, and one which they can and will effectively operate and maintain.

Environmental assessments are made by the Soil Conservation Service and others for each watershed being planned. These assessments are integrated into the planning process at the earliest possible stage. Environmental impact statements, when required, and findings of no significant impact are submitted for review and comment to local, State, and Federal agencies and are available to the general public. This provides an opportunity to obtain formal comments from a wide range of interests during planning.

__Current Activities:__ The Soil Conservation Service (SCS) establishes policy and general criteria to be used to develop watershed plans for directing the watershed purposes to reflect the Department of Agriculture's long-term conservation objectives and overall priorities as set forth in the National Conservation Program. Planning starts approved during FY 1989 were directed to the highest NCP priorities, i.e., erosion control, water quality, water conservation and flood prevention; and to projects that promote rural development; benefit low income and minority groups; and reduce Federal cost-share assistance for installation.

At the beginning of FY 1989 there were 311 viable applications for watershed planning assistance. During the year 15 applications were received, and 18 applications were approved for planning from all applications on hand. As of September 30, 1989, there were 291 viable applications for watershed planning assistance.

__Watershed Planning Progress by State - September 30, 1989__

State	Applications Received		Planning Authorized		Plans Completed	
	No.	Acres	No.	Acres	No.	Acres
AL	66	4,212,443	57	3,605,943	45	2,477,362
AR	89	6,566,363	84	6,271,812	62	3,300,713
AZ	28	2,772,662	21	1,831,382	15	1,189,862
CA	66	3,839,795	55	3,403,837	27	1,256,413
CO	42	2,708,607	39	2,488,757	21	1,269,146
CT	17	298,923	17	298,923	11	153,456
DE	8	539,163	8	539,163	5	294,663
FL	41	2,732,816	39	2,645,716	25	1,572,798
GA	86	6,085,281	84	5,965,681	68	4,272,673
HI	17	811,162	15	751,362	9	480,642
IA	71	2,010,510	61	1,452,780	53	1,255,290
ID	34	2,007,045	32	1,794,935	18	762,612
IL	59	3,462,731	54	3,113,421	28	1,589,850
IN	64	4,772,354	62	4,532,854	39	2,385,882
KS	102	11,347,719	76	7,689,517	60	5,734,856
KY	57	3,479,992	53	3,140,148	38	2,342,093
LA	74	8,643,518	60	7,137,968	46	5,624,575
MA	17	561,274	17	561,274	12	460,232
MD	37	1,351,404	33	1,091,308	20	465,023
ME	29	1,639,377	26	1,283,777	18	805,094
MI	34	1,906,929	34	1,906,929	24	1,294,680
MN	35	2,826,956	31	2,577,463	19	1,697,719
MO	65	5,802,484	43	3,317,025	27	1,702,146
MS	90	6,703,351	72	5,680,967	57	4,573,956
MT	33	2,166,271	32	2,154,271	20	1,311,621
NC	87	4,678,114	76	4,105,175	57	2,594,034
ND	36	4,768,776	32	4,222,456	19	2,378,471
NE	95	8,190,417	65	4,303,030	52	3,494,759
NH	14	1,055,082	12	1,021,382	7	456,770
NJ	23	748,642	21	669,642	15	389,347
NM	41	3,120,468	41	3,120,468	28	1,681,677
NV	16	1,811,757	16	1,811,757	5	388,142
NY	31	1,470,154	30	1,467,754	21	897,142
OH	49	5,306,963	34	3,290,487	23	1,921,286
OK	104	10,163,209	84	8,502,226	73	7,147,996
OR	34	2,767,175	32	2,458,335	21	1,192,156
PA	45	1,981,244	38	1,782,568	29	1,436,807
PR	7	356,710	6	281,710	4	266,002
RI	3	128,340	3	128,340	1	24,100
SC	72	5,743,649	65	4,438,999	54	3,550,188
SD	24	1,890,912	23	1,868,179	15	758,801
TN	82	3,942,267	61	3,185,847	45	2,211,042
TX	114	11,929,863	112	11,508,133	94	9,729,724
UT	25	2,629,812	25	2,629,812	14	1,334,287
VA	48	2,684,189	46	2,610,221	37	2,158,539

State	Applications Received No.	Applications Received Acres	Planning Authorized No.	Planning Authorized Acres	Plans Completed No.	Plans Completed Acres
VT	17	1,715,327	17	1,715,327	10	654,307
WA	33	1,528,212	32	1,470,492	19	441,989
WI	41	2,326,640	40	2,244,080	28	1,468,999
WV	47	1,894,931	43	1,705,564	30	1,191,385
WY	26	1,975,000	25	1,957,000	13	615,236
Total	2,375	174,056,983	2,084	147,736,197	1,481	96,656,543

Sharing Watershed Planning Costs

Watershed planning staffs are available either in-State or through sharing with other States to assist local organizations in all States. A number of States that are undertaking River Basin Surveys under authority of Section 6 of Public Law 83-566 have integrated their regular watershed planning staff with the river basin survey staff. This permits efficient use of technical personnel to accomplish both activities.

Watershed Planning funds averaged approximately $164,293 per State in 1989 ranging from $14,500 to $433,000. The size of the planning staffs varies according to the workload in each State. There were 22 watershed planning staffs nationwide. Staffs have been combined where individual States do not have sufficient planning workload to justify a complete staff. In most of those states without a planning staff, a water resource coordinator coordinates planning activities with combined staffs and other individual specialists.

In FY 1989, State legislatures and other local organized units in States and Puerto Rico appropriated or otherwise provided about $9,886,000 to finance watershed planning activities. This local input was through advances, reimbursements, State-controlled watershed planning staffs, or personnel provided by the States to work with Soil Conservation Service watershed planning staffs.

Planning funds obligated and staff-years used in 1989 by State were:

State	Direct Obligations	Staff Years	State	Direct Obligations	Staff Years
Alabama	$208,309	5	New Hampshire	$199,300	4
Arizona	79,599	2	New Jersey	78,999	2
Arkansas	185,094	4	New Mexico	19,760	1
California	432,799	11	New York	122,390	2
Caribbean Area	59,637	1	North Carolina	259,200	5
Colorado	144,282	3	North Dakota	89,600	2
Connecticut	14,499	0	Ohio	189,049	5
Delaware	74,598	2	Oklahoma	393,961	8
Dist of Co.			Oregon	59,5[illegible]3	2
(Nat. Hdq.)	515,161	4	Pennsylvania	64,[illegible]7	2
Florida	59,698	2	Rhode Island	0	0
Georgia	89,592	2	South Carolina	10[illegible],403	3
Hawaii	159,202	2	South Dakota	0	0
Idaho	38,782	1	Tennessee	1[illegible]6,299	3
Illinois	98,318	3	Texas	[illegible]28,382	6
Indiana	135,242	2	Utah	49,445	1
Iowa	269,491	5	Vermont	36,203	1
Kansas	304,502	5	Virginia	75,189	2
Kentucky	114,537	3	Washington	84,578	2
Louisiana	154,152	3	West Virginia	213,873	4
Maine	103,041	2	Wyoming	39,801	1
Maryland	59,698	1	National		
Massachusetts	29,951	1	Technical Ctr.	1,375,812	23
Michigan	77,573	2	Total Watershed		
Minnesota	161,200	3	Planning, SCS	8,378,954	170
Mississippi	117,398	3	Alloc. Acct.	212,276	3
Missouri	308,400	7	Total Watershed		
Montana	171,101	5	Planning, SCS	8,591,230	173
Nebraska	287,594	7			
Nevada	0	0			

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed and Flood Prevention Operations

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, rehabilitation of existing works and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1001-1005, 1007-1009), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and in accordance with the provisions of laws relating to the activities of the Department, [$182,373,000] $151,112,000 (of which [$26,271,000] $20,218,000 shall be available for the watersheds authorized under the Flood Control Act approved June 22, 1936 (33 U.S.C. 701, 16 U.S.C. 1006a), as amended and supplemented): Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed [$20,000,000] $10,041,000 shall be available for emergency measures as provided by sections 403-405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203-2205), and not to exceed $200,000 shall be 1 available for employment under 5 U.S.C. 3109: [Provided further, That $4,000,000 in loans may be insured, or made to be sold and insured, under the Agricultural Credit Insurance Fund of the Farmers Home Administration (7 U.S.C. 1931):] Provided further, That not to exceed $1,000,000 of this appropriation is available to carry out the purposes of the Endangered Species Act of 1973 (Public Law 93-205), as amended, including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction.

This change deletes language authorizing the Farmers Home Administration to provide Watershed and Flood Prevention Operations loans from the Agricultural Credit Insurance Fund in FY 1991.

Watershed and Flood Prevention Operations

	Watersheds Authorized by PL-534	Emergency Watershed Operations	Small Watersheds Authorized by PL-566	Total Watersheds and Flood Prevention
Appropriation Act, 1990...........	$26,271,000	$20,000,000	$136,102,000	$182,373,000
Budget Estimate, 1991.............	20,218,000	10,041,000	120,853,000	151,112,000
Decrease in Appropriation.........	-$6,053,000	-$9,959,000	-$15,249,000	-$31,261,000
Adjustments in 1990:				
Appropriation Act, 1990...........	$26,271,000	$20,000,000	$136,102,000	$182,373,000
Gramm-Rudman-Hollings Reduction (P.L. 101-177)..................	-382,000	-145,000	-1,979,000	-2,506,000
Transfer from Corps of Engineers a/	--	--	+1,000,000	+1,000,000
Adjusted base for 1990..........	25,889,000	19,855,000	135,123,000	180,867,000
Budget estimate, 1991...............	20,218,000	10,041,000	120,853,000	151,112,000
Decrease from adjusted 1990.........	-$5,671,000	-$9,814,000	-$14,270,000	-$29,755,000

a/ Pursuant to Public Law 101-101, the Energy and Water Development Appropriations Act, 1990, $1,000,000 was transferred to the Soil Conservation Service from the Corps of Engineers for engineering and design of the Johns Creek project.

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Watershed and Flood Prev. Oper:				
1. Watershed oper. auth by PL-534..	$25,889,000	+$218,000	-$5,889,000	$20,218,000
2. Emergency watershed prot. oper..	19,855,000	+41,000	-9,855,000	10,041,000
3. Small watersheds auth. by PL-566	135,123,000	+853,000	-15,123,000	120,853,000
TOTAL AVAILABLE...................	$180,867,000	+$1,112,000	-$30,867,000	$151,112,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Amount	1989 Staff Years	1990 estimated Amount	1990 estimated Staff Years	Decrease	1991 estimated Amount	1991 estimated Staff Years
1. Watershed operations authorized by PL-534:							
(a) Planning........	$912,000	21	$682,000	15	-$19,000	$663,000	14
(b) Technical assistance......	12,500,000	302	12,958,200	301	-354,200	12,604,000	266
(c) Financial assistance for construction:							
Direct Federal contracting....	10,230,000	--	9,742,000	--	-4,527,000	5,215,000	--
Payment for contracting by local sponsors.	2,549,000	--	2,428,000	--	-770,000	1,658,000	--
(d) Loan serv.(FmHA)	80,000	3	78,800	3	-800	78,000	3
Subtotal, flood prevention..........	26,271,000	326	25,889,000	319	-5,671,000(1)	20,218,000	283
2. Emergency Watershed Protection Operation	10,000,000	120	19,855,000	42	-9,814,000(2)	10,041,000	42

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Amount	1989 Staff Years	1990 estimated Amount	1990 estimated Staff Years	Decrease	1991 estimated Amount	1991 estimated Staff Years
3. Small watersheds authorized by PL-566:							
(a) Technical assistance......	52,269,000	1,117	53,757,500	1,120	-533,500	53,224,000	1,004
(b) Financial assistance for construction:							
Direct Federal contracting...	46,849,000	--	45,772,000	--	-6,049,000	39,723,000	--
Payment for contracting by local sponsors	36,809,000	--	35,421,000	--	-7,687,000	27,734,000	--
(c) Loan services..	175,000	5	172,500	6	-500	172,000	5
Subtotal, watershed operations..........	136,102,000	1,122	135,123,000	1,126	-14,270,000(3)	120,853,000	1,009
Total, avail. or est.	$172,373,000	1,568	$180,867,000	1,487	-$29,755,000	$151,112,000	1,334
G-R-H red.,PL 101-177	--	--	+2,506,000	--			
Transfer from COE...	--	--	-1,000,000	--			
Total Appropriation..	$172,373,000	1,568	$182,373,000	1,487			

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Amount	1989 Staff Years	1990 estimated Amount	1990 estimated Staff Years	Increase or Decrease	1991 estimated Amount	1991 estimated Staff Years
1. Watershed operations authorized by PL-534:							
(a) Planning........	$949,563	21	$691,524	15	-$28,524	$663,000	14
(b) Technical assistance.....	13,498,828	302	13,138,946	301	-534,946	12,604,000	266
(c) Financial assistance for construction:							
Direct Federal contracting....	9,471,121	--	13,551,654	--	-8,336,654	5,215,000	--
Payment for contracting by local sponsors.	3,011,635	--	3,702,993	--	-2,044,993	1,658,000	--
(d) Loan services...	80,000	3	78,800	3	-800	78,000	3
Subtotal, flood prevention.........	27,011,147	326	31,163,917	319	-10,945,917	20,218,000	283
2. Emergency Watershed Protection Oper....	12,758,098	120	26,549,989	42	-16,508,989	10,041,000	42
3. Small watersheds authorized by PL-566:							
(a) Technical assistance......	56,810,821	1,117	53,947,964	1,120	-723,964	53,224,000	1,004
(b) Financial assistance for construction:							
Direct Federal contracting...	53,701,541	--	54,617,091	--	-14,894,091	39,723,000	--
Payment for contracting by local sponsors	26,661,697	--	37,554,127	--	-9,820,127	27,734,000	--
(c) Loan services..	175,000	5	172,500	6	-500	172,000	5
Subtotal, watershed operations..........	137,349,059	1,122	146,291,682	1,126	-25,438,682	120,853,000	1,009
Total direct obligations.........	177,118,304	1,568	204,005,588	1,487	-52,893,588	151,112,000	1,334
Unobligated balance brought forward.....	(-27,883,892)	--	(-23,138,588)	--	+23,138,588	--	
Unobligated balance carried forward.....	(+23,138,588)	--	--	--	--	--	--
Appropriation.......	($172,373,000)	1,568	($180,867,000)	1,487	($-29,755,000)	($151,112,000)	1,334

REIMBURSABLE OBLIGATIONS

Project	1989 Amount	1989 Staff Years	1990 estimated Amount	1990 estimated Staff Years	Increase or Decrease	1991 estimated Amount	1991 estimated Staff Years
Reimbursable obligations:							
1. Watershed operations authorized by PL-534:							
(a) Planning.........	--	--	--	--	--	--	--
(b) Technical assistance.......	$253,117	3	$183,000	4	+$4,000	$187,000	4
(c) Financial assistance for construction:							
Direct Federal contracting....	1,049,912	--	166,000	--	+1,000	167,000	--
Subtotal, flood prevention...........	1,303,029	3	349,000	4	+5,000	354,000	4
2. Emergency Watershed Protection Operation.	1,282,805	--	2,269,000	--	+32,000	2,301,000	--
3. Small watersheds authorized by PL-566:							
(a) Technical assistance......	417,085	9	1,286,000	9	+18,000	1,304,000	9
(b) Financial assistance for construction:							
Direct Federal contracting....	2,568,997	--	7,930,000	--	+111,000	8,041,000	--
Payment for contracting by local sponsors.	3,781	--	--	--	--	--	--
Subtotal, watershed operations...........	2,989,863	9	9,216,000	9	+129,000	9,345,000	9
Total, reimbursable obligations..........	5,575,697	12	11,834,000	13	+166,000	12,000,000	13
Obligational authority...........	$182,694,001	1,580	$215,839,588	1,500	-$52,727,588	$163,112,000	1,347

SOURCES OF REIMBURSEMENTS

	1989 Actual	1990 estimated	Decrease	1991 estimated
Within USDA.......................	$63,727	$100,000	--	$100,000
Other Federal Agencies............	1,379,961	3,008,000	--	3,008,000
Non-Federal Sources...............	4,132,009	8,726,000	+$166,000	8,892,000
Total reimbursements..............	$5,575,697	$11,834,000	+$166,000	$12,000,000

OUTLAYS

	1989 Actual	1990 estimated	Decrease	1991 estimated
1. Watershed operations authorized by PL-534..............	$24,316,142	$27,277,000	-$4,143,000	$23,134,000
2. Emergency Watershed Protection Operations.............	24,317,944	27,279,000	-4,144,000	23,135,000
3. Small watersheds authorized by PL-566..................	117,840,626	133,190,000	-20,080,000	112,110,000
Total Outlays..................	$166,474,712	$187,746,000	-$28,367,000	$158,379,000

EXPLANATION OF PROGRAM

The appropriation "Watershed and Flood Prevention Operations" funds those activities authorized by the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1005, 1007-1009) and the Flood Control Act, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a) and Sections 403-405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203-2205), which relate to installation of individual watershed projects, flood prevention subwatershed projects, and emergency watershed protection. Activities include:

Watershed Operations Authorized by PL-534

The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, and other policies and procedures used in the Flood Prevention Program have been adjusted to generally parallel those of the Watershed Protection Program. The Department helps install watershed improvement measures to reduce flood, sediment, and erosion damages; further the conservation, development, utilization, and disposal of water; further the conservation and proper utilization of land; and to accomplish other measures incorporated in subwatershed work plans. The following table shows the status of subwatershed work plans:

Subwatersheds Status	1989	1990	1991
In preconstruction...............	22	19	19
In construction..................	86	91	91
Continuing land treatment........	65	65	65
Completed construction...........	160	160	160
Feasible, but not started........	70	68	68
Total subwatersheds..............	403	403	403

Emergency Watershed Protection Operations

Funding authority for FY 1991 is requested under Sections 403-405 of the Agricultural Credit Act of 1978. Funding is for such emergencies for runoff retardation and soil erosion prevention as may be needed to safeguard life and property from floods and the products of erosion on any watershed whenever flood, fire, drought, or any other natural element causes a sudden impairment of the watershed. The Department administers the program by providing technical assistance and arranging with local contractors to install most of the required measures.

Small Watershed Operations Authorized by PL-566

The Department provides technical and financial assistance to local organizations to install the watershed works of improvement for watershed protection, flood prevention, agricultural water management, recreation, and fish and wildlife development, and other authorized features specified in the work plans.

The following table shows the status of PL-566 watershed projects:

Status of Operational Projects	1989	1990	1991
Projects in pre-construction end-of-year..	203	213	223
Projects under construction, start of year	379	364	363
New construction starts..................	1	20	10
Less: Projects completed during year......	14	20	10
Projects continuing land treatment........	38	40	41
Projects completed, end of year...........	711	731	741
Projects not requiring funds..............	163	163	163
Total operational projects...............	1,481	1,511	1,531

	1989		1990		1991	
	Actual		Estimated		Estimated	
Item	No.	$ (000)	No.	$ (000)	No.	$ (000)
1. Loans obligated during year	0	0	0	0	0	0
2. Borrowers outstanding	222	74,782	222	74,782	222	74,782
3. Loans cumulative	491	172,752	491	172,752	491	172,752

Improvements Installed in Watershed and Flood Prevention Projects

The following table contains a listing of the technical services provided, lands improved and erosion reduced, and land treatment measures installed within project areas by the Soil Conservation Service with funds from the Watershed and Flood Prevention Operations Program in 1989. The Forest Service also uses these funds on National forest lands to stabilize critical areas, roads and roadbanks; to reduce fire hazards and improve fire control; to plant and seed trees and grass; for range and waste land grazing; for wildlife habitat; for recreation, also vegetating surface mined areas and or water management:

		Programs		
Agency	Units	Small Watersheds PL-566	Flood Prevention PL-534	Total
SOIL CONSERVATION SERVICE				
Technical Services:				
Individuals and groups provided one or more technical services............	Number	13,293	11,336	24,629
State, local or other Federal units of government provided one or more technical services.....................	Number	159	91	250
Individuals and groups of individuals who installed one or more land treatment measures to lands under their control................	Number	6,137	56,274	62,411
Conservation planning achieved with land users receiving technical services...........	Acres	278,727	133,138	411,865
Lands Improved:				
Estimated land improved and tons of reduced erosion on lands within watershed project areas:				
Cropland..................	Acres	292,936	243,180	536,116
	Tons	1,910,787	1,316,559	3,227,346
Pasture and Hayland........	Acres	112,961	1,061,539	1,174,500
	Tons	825,062	217,115	1,042,177
Range and Nature Pasture...	Acres	212,483	862,409	1,074,892
	Tons	529,153	1,047,471	1,576,624
Woodland..................	Acres	10,080	5,907	15,987
	Tons	1,114,348	56,878	1,171,226
All Other..................	Acres	43,805	67,720	111,525
	Tons	122,107	121,379	243,486
Total.....................	Acres	672,265	2,240,755	2,913,020
	Tons	4,501,457	2,759,402	7,260,859

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease in appropriation of $5,671,000 for Watershed Operations authorized by PL-534 (on the basis of available funds, there is a decrease of $10,945,917) consisting of:

(a) A program decrease of $5,889,000 for PL-534 project construction activities.

Need for Change. The proposed budget reduction reflects the need to balance program benefits, existing commitments, and federal spending constraints. For consistency with other government water resource agencies, legislation has been proposed to require local cost sharing of 25 to 50 percent, with at least 5 percent in cash.

Nature of Change. The proposed funding level would provide sufficient funds for technical assistance and for contract modification costs to continue work already underway at the beginning of 1991. Financial assistance funds available for contract modifications, for new contracts for individual construction units in subwatershed projects already under construction, and for new project starts would be about 56 percent of the FY 1990 level. Priorities for project construction are established at the state level considering the urgency of the problem to be addressed, expected project benefits, cost effectiveness, environmental impacts, and the readiness of local sponsors to proceed. Non-structural land treatment measures and local cost-sharing are emphasized to ensure continued program effectiveness. Efforts are underway to work with local project sponsors to eliminate planned work that is no longer economically or environmentally feasible.

Legislation has been proposed to require local cost sharing at between 25 to 50 percent with at least 5 percent in cash. Also, projects must have at least 20 percent of their benefits directly related to agriculture or upstream communities.

(b) An increase of $218,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(2) A net decrease in appropriation of $9,814,000 for Emergency Watershed Operations (on the basis of available funds, there is a decrease of $16,508,989 consisting of:

(a) A program decrease of $9,855,000 for Emergency Watershed Operations.

Need for Change. The proposed budget reduction reflects the need to balance program benefits, existing commitments, and federal spending constraints.

Nature of Change. The proposed level of funding would be available to complete contracts signed in prior years and to provide for an immediate response to exigency situations to reduce hazards to life and property in watersheds damaged by severe natural events occurring in 1991.

(b) An increase of $41,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(3) A net decrease in appropriation of $14,270,000 for Watershed Operations authorized by PL-566 (on the basis of available funds, there is a decrease of $25,438,682 consisting of:

(a) A program decrease of $15,123,000 for PL-566 project construction activities.

Need for Change. The proposed budget reduction reflects the need to balance program benefits, existing commitments, and federal spending constraints. For consistency with other government water resource agencies, legislation has been proposed to require local cost sharing of 25 to 50 percent, with at least 5 percent in cash.

Nature of Change. The proposed funding level would provide sufficient funds for technical assistance and for contract modification costs to continue work already underway at the beginning of 1991. Financial assistance funds available for contract modifications, for new contracts for individual construction units in small watershed projects already under construction, and for new project starts would be about 84 percent of the FY 1990 level. Priorities for project construction are established at the state level considering the urgency of the problem to be addressed, expected project benefits, cost effectiveness, environmental impacts, and the readiness of local sponsors to proceed. Non-structural land treatment measures and local cost-sharing are emphasized to ensure continued program effectiveness. Efforts are underway to work with local project sponsors to eliminate planned work that is no longer economically or environmentally feasible.

Legislation has been proposed to require local cost sharing at between 25 to 50 percent with at least 5 percent in cash. Also, projects must have at least 20 percent of their benefits directly related to agriculture or upstream communities.

(b) An increase of $853,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

Distribution of Funds by Agency for Operating Flood Prevention Projects

	1989 Obligations	Brought Forward from 1989	1990 Appropriation (adjusted)	Estimated Obligations 1990	Budget Estimate 1991
SOIL CONSERVATION SERVICE					
Buffalo Creek, NY.........	--	--	--	--	--
Colorado (Middle), Texas..	$826,621	--	$1,338,560	$1,338,560	$856,940
Coosa, Georgia, Tennessee	--	--	--	--	--
Little Sioux, Iowa........	2,570,358	--	2,421,400	2,421,400	1,550,160
Little Tallachatchie, MS..	1,047,683	--	1,604,470	1,604,470	1,027,170
Los Angeles, California...	--	--	--	--	--
Potomac, MD, PA, VA, and W. VA....................	3,777,981	338,317	3,820,660	4,158,977	2,662,550
Santa Ynez, California....	39,478	218,000	59,200	277,200	177,460
Trinity, Texas............	4,414,952	30,600	3,544,240	3,574,840	2,288,590
Washita, Oklahoma, Texas..	2,942,402	--	2,738,380	2,738,380	1,753,900
Yazoo, Mississippi........	9,019,485	4,688,000	7,977,290	12,665,290	8,108,230
Subtotal, SCS...........	24,638,960	5,274,917	23,504,200	28,779,117	18,425,000
FOREST SERVICE a/					
Little Sioux, Iowa........	--	--	--	--	--
Little Tallahatchie, MS...	--	--	--	--	--
Los Angeles, California...	1,365,187	--	1,392,500	1,392,500	1,035,630
Potomac, MD, PA, VA, and W. VA....................	165,000	--	148,800	148,800	110,663
Santa Ynez, California....	640,000	--	641,600	641,600	477,157
Trinity, Texas............	80,000	--	81,800	81,800	60,835
Washita, Oklahoma, Texas	42,000	--	41,300	41,300	30,715
Yazoo, Mississippi........	--	--	--	--	--
Subtotal, Forest Service	2,292,187	--	2,306,000	2,306,000	1,715,000
					--
FARMERS HOME ADMINISTRATION					--
Loan Services.............	80,000	--	78,800	78,800	78,000
Total, P.L.-534 operations..	$27,011,147	$5,274,917	$25,889,000	$31,163,917	$20,218,000

a/ Forest Service distribution of 1989 obligations are estimated.

PL-566 Project Activity and Obligations

The following table shows the status of Public Law 566 projects by stage of assistance and amounts obligated or estimated to be obligated.

	1989		1990		1991	
	Number	Dollars in Thousands	Number	Dollars in Thousands	Number	Dollars in Thousands
1. Projects approved for operation and estimated cost of completion:						
a. Uncompleted projects at beginning of year	765	$1,349,583	770	$1,258,336	780	$1,183,044
b. Projects approved during year.........	19	46,102	30	70,000	20	48,000
Total........................	784	1,395,685	800	1,328,336	800	1,231,044
2. Status of projects and amounts obligated:						
a. Projects inactive end of year	26	--	25	--	25	--
b. Deauthorized, cumulative..........	137	--	138	--	138	--
c. Projects receiving preconstruction land treatment and engineering services, end of year.............	203	16,600	213	17,000	223	17,730
d. Projects moved into construction during year................	1	5	20	4,000	10	2,000
e. Prior year projects continuing construction and land treatment................	365	117,284	344	119,792	353	98,423
f. Projects with construction completed continuing land treatment...........	38	970	40	1,000	41	1,000
g. Projects completed during year.........	14	2,490	20	3,500	10	1,700
Subtotal.....................	784	137,349	800	145,292	800	120,853
3. Uncompleted projects (cumulative) at end of year:						
a. Obligations to date.	770	2,210,114	780	2,351,906	790	2,471,059
b. Estimated cost of completion..........	--	1,258,336	--	1,183,044	--	1,111,044
4. Projects completed (cumulative and total cost)..................	711	953,002	731	956,502	741	958,202
5. Total projects approved (cumulative and total cost)..................	1,481	4,421,452	1,511	4,[illegible]	1,531	4,539,452
Total (cumulative obligations)...........	1,481	$3,163,116	1,511	$3,308,408	1,531	$3,429,261

Note: This table excludes $1 million transferred from the Corps of Engineers in FY 1990 for implementation of the PL-87-639 study on John's Creek Tennessee.

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 and Estimated 1990 and 1991
WATERSHED & FLOOD PREVENTION OPERATIONS

	1989		1990		1991	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA........	$2,240,878	24	$2,566,385	22	$1,894,459	20
ALASKA.........	0	0	0	0	0	0
ARIZONA........	3,460,156	29	4,515,088	29	3,188,740	26
ARKANSAS.......	7,884,757	67	4,674,242	31	3,441,098	29
CALIFORNIA.....	6,053,791	33	5,507,027	24	4,123,894	22
COLORADO.......	986,099	4	1,306,442	4	899,060	4
CONNECTICUT....	663,797	9	764,054	8	661,852	9
DELAWARE.......	811,607	10	777,921	8	626,496	7
FLORIDA........	659,305	7	754,963	6	579,289	6
GEORGIA........	2,275,894	15	2,331,465	12	1,708,147	11
HAWAII.........	2,779,086	8	2,908,989	7	2,040,162	6
IDAHO..........	622,864	5	824,612	5	593,332	5
ILLINOIS.......	3,377,166	20	4,391,870	21	3,106,803	18
INDIANA........	498,606	10	1,652,004	27	1,226,648	25
IOWA...........	5,966,122	51	6,336,255	43	4,759,352	38
KANSAS.........	5,624,902	41	5,379,020	32	3,961,170	28
KENTUCKY.......	1,774,896	18	2,080,636	17	1,542,798	15
LOUISIANA......	3,010,540	32	3,340,542	29	2,520,859	27
MAINE..........	910,502	9	560,263	4	457,450	4
MARYLAND.......	495,966	4	1,007,786	7	732,506	6
MASSACHUSETTS..	634,287	11	1,678,736	23	1,214,856	20
MICHIGAN.......	1,600,856	13	1,692,882	11	1,230,315	10
MINNESOTA......	3,011,447	21	2,800,346	16	2,089,966	14
MISSISSIPPI....	19,440,249	203	27,109,891	216	19,241,728	189
MISSOURI.......	5,971,773	39	6,281,380	34	4,656,654	29
MONTANA........	1,208,901	10	1,384,622	9	1,029,583	8
NEBRASKA.......	2,893,418	24	3,502,469	23	2,525,146	20
NEVADA.........	(5,555)	0	0	0	0	0
NEW HAMPSHIRE..	402,764	7	210,743	3	201,322	3
NEW JERSEY.....	1,079,993	8	1,686,131	10	1,237,475	9
NEW MEXICO.....	6,391,476	27	8,459,286	29	5,748,120	23
NEW YORK.......	2,651,436	20	1,924,429	12	1,424,292	10
NORTH CAROLINA.	3,006,484	29	3,079,241	24	2,356,393	22
NORTH DAKOTA...	1,374,161	4	541,304	1	427,674	1
OHIO...........	3,328,842	23	3,608,231	20	2,612,104	17
OKLAHOMA.......	11,617,725	100	12,201,802	80	9,016,157	74
OREGON.........	1,059,320	8	1,578,203	10	1,177,143	9
PENNSYLVANIA...	6,059,841	37	5,671,004	28	3,982,692	23
PUERTO RICO	1,873,296	7	3,312,395	10	2,440,311	9
RHODE ISLAND...	31,798	0	116,131	1	91,498	1
SOUTH CAROLINA.	1,581,930	15	6,106,039	43	4,277,741	38
SOUTH DAKOTA...	128,180	1	208,122	1	167,711	1
TENNESSEE......	3,670,042	33	5,620,174	33	3,353,286	28
TEXAS..........	14,948,941	157	15,227,474	125	11,696,370	117
UTAH...........	280,192	10	990,268	28	765,192	26
VERMONT........	748,362	7	3,027,749	23	2,149,725	19
VIRGINIA.......	3,627,179	33	3,717,794	27	2,793,369	24
WASHINGTON.....	2,240,405	18	3,104,703	20	2,266,011	18
WEST VIRGINIA..	8,230,688	56	8,176,462	43	5,949,131	40
WISCONSIN......	1,457,953	9	1,546,562	8	1,103,367	7
WYOMING........	114,698	2	857,065	12	624,334	10
CHESTER NTC....	1,390,095	24	1,435,041	24	1,370,691	23
FORT WORTH NTC.	2,215,029	36	2,048,609	32	1,957,032	31
LINCOLN NTC....	1,285,108	26	1,381,290	27	1,319,543	26
PORTLAND NTC...	1,386,410	21	1,216,996	18	1,162,593	17
PACIFIC BASIN	659	-	121,202	1	96,342	1
NATIONL HDQTRS.	7,236,730	65	7,300,148	65	6,973,818	64
FMHA ALLOCATN	255,000	8	251,300	9	250,000	8
FS ALLOCATN	2,591,257	60	3,149,800	52	2,068,000	39
TOTAL Available or Estimate	$177,118,304	1,568	$204,005,588	1,487	$151,112,000	1,334

WATERSHED AND FLOOD PREVENTION OPERATIONS

Status of Program

Watershed operations authorized by Public Law 534. The Flood Control Act of 1944 authorizes the Secretary of Agriculture to install watershed improvement measures to reduce flood, sedimentation, and erosion damages; further the conservation, development, utilization, and disposal of water; and the conservation and proper utilization of land. Flood prevention work is authorized in the eleven watersheds designated in the Flood Control Act of December 22, 1944.

Emergency Watershed Protection. Emergency watershed protection assistance is provided to reduce hazards to life and property in watersheds damaged by severe natural events. An emergency is considered to exist when a watershed is suddenly impaired by flood, fire, drought or other natural causes which results in life and property being endangered by flooding, erosion, or sediment discharge.

The emergency area need not be declared a national disaster area to be eligible for technical and financial assistance. Emergency watershed protection is applicable to small scale localized disasters as well as disasters of national magnitude.

Funding is authorized under Sections 403-405 of the Agricultural Credit Act of 1978.

Watershed Projects authorized by Public Law 566. The Watershed Protection and Flood Prevention Act of 1954, provides for cooperation between the Federal government and the States and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages; to further the conservation, development, utilization, and disposal of water; and to further the conservation and proper utilization of land in authorized watersheds.

The flood prevention (PL-534) and the watershed (PL-566) programs have similar objectives. The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations, and other policies and procedures used in flood prevention projects generally parallel those used in watershed protection projects.

Current activities:

1. Technical and financial assistance for construction includes:

   a. Land treatment measures: Assurance that a program of proper land use and treatment will be carried out is a basic requirement for assistance in the development of flood prevention subwatersheds or watershed projects. The Department provides landowners and operators technical assistance to accelerate the planning and application of land treatment measures which help achieve project objectives. This accelerated assistance is in addition to that received under other conservation programs.

      When land treatment measures are installed to achieve justified offsite flood prevention benefits or when such measures provide small or long-deferred benefits to the landowner, the installation cost may be shared with Federal funds. The cost-share rate of this financial assistance may not exceed the rate of assistance for similar practices under other conservation programs of the Department. This work is accomplished through project agreements with local sponsoring organizations. The local sponsors arrange for and accomplish the work by contract or force account. Payments are made by the Federal government to the local sponsoring organizations as the land treatment measures are installed.

   b. Structural measures: Floodwater retarding structures, stream channel work, grade stabilization and sediment control structures, water storage structures, and other structures are integral parts of providing watershed protection. Detailed construction plans, designs and specifications are prepared for these measures by the Department or by private engineers employed by the local sponsoring organization or the Department.

The Federal government provides all construction funds for structural measures for flood prevention and an equitable share of the cost of installing works of improvement for agricultural water management, fish and wildlife, or recreational development. The latter includes the cost of basic facilities for public health and safety, access to recreational areas, and use of the recreational development. Local organizations must pay all costs of works of improvement for other purposes. In addition, local organizations must acquire water rights and furnish land, easements, and rights-of-way for all structural measures. However, up to one-half the cost of land, easements, and rights-of-way allocated to public fish and wildlife and recreational developments may be paid with PL-534 or PL-566 funds.

c. Non-structural measures: Where practical, non-structural measures or a combination of structural and non-structural measures may be installed as part of the watershed works of improvement. Non-structural measures can consist of flood proofing buildings located in a flood plain, zoning or otherwise controlling certain flood plain areas to restrict further development, removal of buildings from the flood area, and other similar measures.

Financial assistance to local sponsoring organizations for installation of non-structural measures is provided in the same manner as for installation of structural measures. The local share for installation of non-structural measures can be up to 20 percent.

d. Installation of measures: In PL-534 subwatersheds, the Department usually does the contracting. In PL-566 watersheds, local organizations must administer construction contracts, unless they request SCS to do so. In PL-566 watersheds, funds for installation of planned structural measures on non-Federal lands are provided to local organizations under the terms and conditions set forth in project agreements. Federal agencies carry out the watershed construction program on Federal lands which they administer.

Engineering assistance is provided for flood prevention, agricultural water management, and for water resource development or improvement for public fish and wildlife and recreational purposes, either directly by the Federal government or by the local organizations with advances or reimbursement from the Federal government. The Department may also supply up to one-half the cost of engineering assistance required for the installation of basic facilities for public fish and wildlife and recreational development.

Advances may be made to local sponsoring organizations to provide for immediate acquisition of easements and rights-of-way. Also, advances may be made to provide up to 30 percent of the total estimated cost of a proposed impounding structure when such structures are to be used for additional storage of water to meet anticipated future demands for municipal and industrial uses. In each case, advances must be repaid with interest. Advances for preservation of structure sites must be repaid before construction begins.

Local organizations must operate and maintain the completed works of improvement on non-Federal lands.

2. Detailed subwatershed work plans are prepared for PL-534 flood prevention projects in cooperation with soil conservation districts and other local sponsoring organizations. These plans outline soil and water management problems in subwatersheds, what is proposed to be done to alleviate these problems, the estimated benefits and costs, cost-sharing, and operation and maintenance arrangements.

3. Program evaluation studies are carried out in selected watershed projects to assess effectiveness of structural and land treatment measures installed and assure safe and reasonable design.

4. Loans and loan services are provided to finance the local share of the costs of installing planned works of improvement. Repayment with interest is required within 50 years after the principal benefits of improvements first become available. Loans are financed from the Agricultural Credit Insurance Fund of the Farmers Home Administration.

5. Emergency measures: This authority permits installation of emergency measures for immediate protection of life or property from flooding, erosion, or sedimentation damage until long-range practices can become effective. Emergency work includes but is not limited to establishing quick vegetative cover on denuded land, the sloping of steep and eroding banks, opening dangerously restricted channels, repairing diversions and levees, and other emergency work. This work is done to the extent funds are available. Prompt action to alleviate hazardous watershed conditions is essential. Flooding or wind erosion can cause extensive damage to impaired watersheds left unprotected. The Soil Conservation Service administers the program, provides technical and financial assistance, and arranges with local contractors to do the installation work. The Forest Service is responsible for installing measures on the national forest reserve.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the Watershed Protection and Flood Prevention Act and the work authorized under the Flood Control Act. This includes responsibility for the installation of land treatment measures and structural works of improvement in authorized watersheds on non-Federal land and on Federal lands by arrangement with the administering agency.

The Forest Service is responsible for installing planned land treatment measures and certain structural works on national forests and other lands administered by the Forest Service in authorized projects. It is also responsible, in cooperation with and through State and local agencies, for the installation of planned forestry measures on forest lands within projects.

The Forest Service does emergency work on national forest reserve lands and on adjacent land which they administer under formal agreement.

Farmers Home Administration has responsibility for administration of Sections 4 and 8 of the Act as they relate to loans and advances to local organizations.

The Economic Research Service makes special economic analyses of watershed or subwatershed projects on a reimbursable basis.

The Agricultural Research Service carries out trap efficiency studies to determine water and sediment outflow from reservoirs for use in designing floodwater retarding structures.

The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs participate in the installation of works of improvement on lands under their jurisdiction.

The following table shows the appropriated funds obligated for PL-534 watershed operations, emergency operations, and PL-566 small watersheds in FY 1989.

	PL-534 Operations	Emergency Operations	PL-566 Small Watersheds	Total
Direct Funds:				
Soil Conservation Service	$24,638,962	$12,583,393	$137,049,692	$174,272,047
Forest Service	2,292,187	174,705	124,366	2,591,258
Farmers Home Admin.	80,000	0	175,000	255,000
Total	$27,011,149	$12,758,098	$137,349,058	$177,118,305

Reimbursable Funds:				
Soil Conservation Service	1,303,029	1,282,805	2,988,627	5,574,461
Forest Service	1,234			1,234
Total Obligations	$28,315,412	$14,040,903	$140,337,685	$182,694,000

Watershed Operations Authorized by PL-534 (Flood Prevention Operations)

Because the authorized flood prevention projects include relatively large areas, work plans are developed on a subwatershed basis. As of September 30, 1989, the total planning job was about 83 percent completed, with 334 work plans completed that include 21,913,962 acres. The following table summarizes the status of subwatershed planning by authorized project:

Flood Prevention Projects	Total Authorized Area	Subwatershed and other areas with planning potential		Subwatershed and Other work plans prepared to 9/30/89	
	Acres	No.	Acres	No.	Acres
Buffalo Creek, NY a/...	279,680	3	279,680	3	279,680
Colorado (Middle), TX..	4,613,120	17	4,357,000	17	3,725,896
Coosa, GA a/...........	1,339,400	16	1,339,400	16	1,174,650
Little Sioux, IA.......	1,740,800	124	377,574	97	328,411
Little Tallahatchie, MS	963,977	18	562,876 b/	18	562,876
Los Angeles, CA........	536,960	12	301,731 c/	12	301,731
Potomac, W. VA & VA....	4,205,400	22	1,989,234	18	1,394,308
Santa Ynez, CA.........	576,000	5	368,550 d/	5	368,550
Trinity, TX............	8,424,260	34	6,958,193	31	5,830,660
Washita, TX & OK.......	5,095,040	59	5,095,040	57	4,691,072
Yazoo, MS..............	7,661,278	93	7,048,324	60	3,256,128
TOTAL................	35,435,915	403	28,677,602	334	21,913,962

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a/ The Buffalo Creek Watershed was completed and closed in 1964. The Coosa Watershed was completed and closed in 1981.

b/ Excludes 96,501 acres of Sardis Reservoir area. and 304,000 acres in minor watersheds needing only land treatment measures.

c/ Includes national forest and other lands, for which the Forest Service has been assigned program responsibility.

d/ Excludes 195,818 acres of reservoir area.

The estimated Federal cost for each watershed and total Federal obligations through FY 1988:

Flood Prevention Project	Estimated Total Federal Cost	Obligations (cumulative) a/ 9/30/89
Buffalo Creek Watershed, NY (Complete)...............................	$5,318,690	$5,318,690
Middle Colorado River Watershed, TX.....	67,543,773	52,160,394
Coosa River Watershed, GA and TN (Complete)	18,241,160	18,241,160
Little Sioux River Watershed, IA.........	142,988,919	54,514,277
Little Tallahatchie River Watershed, MS.	170,702,722	48,326,405
Los Angeles River Watershed, CA.........	81,925,270	57,636,270
Potomac River Watershed, MD PA, VA, and WV........................	129,646,193	84,709,173
Santa Ynez River Watershed, CA...........	48,627,478	37,971,956
Trinity River Watershed, TX..............	246,894,200	163,884,152
Washita River Watershed, OK and TX......	191,478,686	151,541,088
Yazoo River Watershed, MS...............	521,461,158	186,236,645
TOTAL..................................	$1,624,828,249	$860,540,210

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a/ Does not include Farmers Home Administration obligations of $80,000.

Small Watershed Operations Authorized by PL-566

Watershed plans involving an estimated Federal contribution in excess of $5,000,000 for construction, or construction of any single structure having a capacity in excess of 2,500 acre feet, require Congressional committee approval. Other plans are approved administratively. After approval, technical and financial assistance can be provided for installation of works of improvement specified in the plans.

Project sponsors are provided assistance in installing planned land treatment measures when plans are approved. Surveys and investigations are made and detailed designs, specifications, and engineering cost estimates are prepared for construction of structural measures. Areas where sponsors need to obtain land rights, easements, and rights-of-way are delineated. Technical assistance is also furnished to landowners and operators to accelerate planning and application of needed conservation on their individual units.

The project enters construction when the first project agreement for construction of works of improvement is signed. Under a project agreement, the sponsoring local organization agrees to construct a single or an interrelated group of structures. The government and the sponsoring local organization agree to share the construction costs as specified in the work plan. Engineering and other assistance are provided for preparation of contracts and inspection of construction.

When the local organization does the contracting, payments are made to them as the work progresses in accordance with the terms of the project agreement. When the local organization requests the SCS to do the contracting for works of improvement, the SCS makes payments directly to the contractor as the work progresses. Payments include amounts financed from Federal funds and from local organizations which fund their share of the construction costs.

In FY 1989, 19 projects were approved for operation which brought to 1,481 the total number of projects approved as of September 30, 1989. Of the 770 projects in operation in 1989, 212 were receiving preconstruction land treatment and engineering services, and 383 were in construction at the end of the year. Fourteen projects were completed in 1989 which brought the total number completed to 711 as of September 30, 1989. Land treatment assistance was continued on 38 projects on which construction has been completed prior to October 1, 1989. One hundred sixty-three of the approved projects did not require Federal funds during the FY 1989 because of project inactivity. A total of 137 have been been deauthorized due to the unlikelihood of further project activity.

Obligations Related to PL-566 Watershed Projects

The following tabulation shows by State descriptive information concerning the extent of the program and rate of progress in obligating funds for the installation of works of improvement in PL-566 watersheds. There are 62 multi-State projects. Obligations and staff-years are distributed between the States as applicable.

State	Number Projects Approved 9/30/89	Total Federal Obligations FY 1989	FY 1989 Federal Staff-year Input	Total Watershed Area Acres	Total Estimated Cost	Total Federal Estimated Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 9/30/89	% Federal Cost Obligated as of 9/30/89
Alabama	45	2,423,753	28	2,477,362	112,410,813	86,636,561	77.1	69,996,917	80.8
Arizona	15	3,765,262	32	1,189,862	137,530,064	124,523,043	90.5	98,360,555	79.0
Arkansas	62	5,390,421	44	3,300,713	208,024,752	160,944,090	77.4	123,265,366	76.6
California	27	6,512,630	37	1,256,413	282,852,160	196,637,103	69.5	147,667,607	75.1
Colorado	21	1,079,618	5	1,269,146	52,243,122	41,211,912	78.9	33,920,531	82.3
Connecticut	11	535,152	10	153,456	117,732,705	56,794,179	48.2	35,387,666	62.3
Delaware	5	801,499	12	294,663	27,317,364	26,446,468	96.8	24,878,967	94.1
Florida	25	721,832	8	1,572,798	47,575,120	29,080,306	61.1	27,290,930	93.8
Georgia	68	2,491,734	17	4,272,673	151,252,142	98,623,848	65.2	84,206,970	85.4
Hawaii	9	2,519,458	8	480,642	74,285,412	61,845,978	83.3	36,191,175	58.5
Idaho	18	637,641	5	762,612	26,439,445	17,305,989	65.5	14,959,685	86.4
Iowa	53	3,841,363	37	1,255,290	161,062,513	123,935,606	76.9	85,169,445	68.7
Illinois	28	3,620,224	22	1,589,850	239,541,202	171,755,812	71.7	107,810,036	62.8
Indiana	39	545,890	11	2,385,882	148,647,627	100,041,944	67.3	69,967,590	69.9
Kansas	60	6,158,354	48	5,734,856	320,920,845	221,972,452	69.2	145,136,974	65.4
Kentucky	38	1,725,696	14	2,342,093	110,567,757	84,992,063	76.9	73,066,817	86.0
Louisiana	46	3,192,721	37	5,624,575	176,319,094	127,280,395	72.2	102,811,354	80.8
Maine	18	563,447	9	805,094	20,286,292	16,612,608	81.9	14,486,676	87.2
Maryland	20	200,253	3	465,023	30,271,333	20,109,361	66.4	19,324,614	96.1
Massachusetts	12	569,388	12	460,232	36,462,072	34,584,741	94.9	31,398,127	90.8
Michigan	24	1,753,788	15	1,294,680	41,369,672	24,369,266	58.9	20,550,206	84.3
Minnesota	19	3,297,045	24	1,697,719	72,589,632	49,677,069	68.4	35,904,114	72.3
Mississippi	57	5,967,007	70	4,573,956	287,429,636	179,341,273	62.4	124,254,606	69.3
Missouri	27	6,468,861	45	1,702,146	180,009,007	149,466,744	83.0	57,029,276	38.2
Montana	20	1,413,089	12	1,311,621	37,862,693	25,576,190	67.5	22,143,280	86.6
Nebraska	52	3,127,320	26	3,494,759	131,030,129	110,715,306	84.5	83,889,119	75.8
Nevada	5	0	0	388,142	3,665,993	2,747,693	75.0	2,747,693	100.0
New Hampshire	7	440,961	8	456,770	26,418,121	20,759,988	78.6	20,669,749	99.6

State	Number Projects Approved 9/30/89	Total Federal Obligations FY 1989	FY 1989 Federal Staff-year Input	Total Watershed Area Acres	Total Estimated Cost	Total Federal Estimated Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 9/30/89	% Federal Cost Obligated as of 9/30/89
New Jersey	15	1,182,523	9	389,347	76,643,465	39,214,118	51.2	37,359,241	95.3
New Mexico	28	6,971,841	30	1,681,677	215,110,569	168,262,811	78.2	88,354,888	52.5
New York	21	2,127,541	20	897,142	63,735,014	61,957,128	97.2	53,917,669	87.0
North Carolina	57	3,252,217	33	2,594,034	130,300,215	97,207,650	74.6	72,160,135	74.2
North Dakota	19	1,504,483	5	2,378,471	53,354,549	39,944,930	74.9	33,558,698	84.0
Ohio	23	3,489,261	25	1,921,286	120,217,173	105,195,948	87.5	81,533,834	77.5
Oklahoma	73	9,044,149	91	7,147,996	437,241,555	315,984,508	72.3	213,312,626	67.5
Oregon	21	1,191,549	9	1,192,156	53,847,431	35,937,723	66.7	32,340,116	90.0
Pennsylvania	29	6,634,541	43	1,436,807	94,797,949	86,523,803	91.3	80,635,532	93.2
Puerto Rico	4	1,760,891	6	266,002	95,123,571	39,250,571	41.3	8,664,462	22.1
Rhode Island	1	34,814	0	24,100	506,575	418,575	82.6	238,389	57.0
South Carolina	54	1,608,279	15	3,550,188	82,998,224	59,900,698	72.2	48,666,575	81.2
South Dakota	15	113,951	1	758,801	15,469,918	11,349,552	73.4	11,308,027	99.6
Tennessee	45	3,940,143	38	2,211,042	142,582,760	124,316,291	87.2	83,937,934	67.5
Texas	94	10,810,835	106	9,729,724	496,379,594	442,212,593	89.1	315,447,004	71.3
Utah	14	135,391	10	1,334,287	46,391,207	35,688,053	76.9	33,393,194	93.6
Vermont	10	819,335	8	654,307	21,388,808	16,653,594	77.9	13,075,586	78.5
Virginia	37	3,132,867	29	2,158,539	107,387,825	87,110,858	81.1	56,489,189	64.8
Washington	19	2,003,340	20	441,989	129,480,855	80,932,673	62.5	36,177,209	44.7
West Virginia	30	5,837,853	38	1,191,385	202,529,708	158,742,223	78.4	103,706,392	65.3
Wisconsin	28	1,596,222	10	1,468,999	50,487,907	41,222,726	81.6	37,879,448	91.9
Wyoming	12	87,259	1	615,236	14,238,743	9,437,711	66.3	8,474,601	89.8
Total	1,481	137,049,[illegible]	1,146a/	96,656,543	5,912,330,332	4,421,452,725	74.8	3,163,116,794	71.5

a/ Soil Conservation Service staff-years only. There are an additional 8 Farmers Home Administration staff-years and an additional 3 Forest Service staff-years funded by this activity for a total of 1,157 staff-years.

Multiple Purpose Projects

On October 1, 1989, 689 multipurpose projects had been approved for operation under the Public Law 566 program. This represents 47 percent of the 1,481 projects which were operational and indicates that the program continues to provide solutions to a broad range of local problems.

Agricultural Water Management. Three hundred and ninety-two watershed projects include structural measures for agricultural water management in addition to flood prevention features. Of these, 303 include drainage improvements on existing cropland and 89 include irrigation.

Recreation. Two hundred and seventy-three small watershed projects approved as of September 30, 1989 include developments to create or improve facilities for the enjoyment of outdoor recreation in addition to flood prevention and watershed protection. Local sponsoring organizations are responsible for operating and maintaining the reservoirs and recreation areas.

Municipal Water. As of September 30, 1989, local sponsors of 167 watershed projects had included municipal water supply features in their watershed plans in addition to flood prevention and watershed protection.

Acceleration of Soil Surveys and Conservation Planning in Watershed and Flood Prevention Projects

Watershed and Flood Prevention Operations funds are used to accelerate soil surveys, conservation planning, and installation of conservation land treatment measures in PL-534 subwatersheds and PL-566 watershed projects as specified in project plans. This acceleration of technical assistance is provided to help meet project objectives within the agreed upon installation period.

In FY 1989, 76,240 acres of soil surveys and 411,865 acres of conservation and ranch plans were prepared with Watershed and Flood Prevention Operations funds.

Loan Programs

Under Public Law 83-566, as amended and Public Law 78-534, loans are made to local organizations for financing the local share of the cost of installing, repairing, or improving works of improvements and water storage facilities, purchasing sites or rights-of-way and for related costs in approved watershed works of improvement and flood prevention projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of such projects approved for operations. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for FY 1990 is 10.075 percent. For a single plan for works of improvement, the amount of the loan may not exceed $10 million.

Applications for loans received by the Farmers Home Administration have varied greatly in amount. Presently, there are several applications pending. Most applications have included requests for funds to purchase easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organization's share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty, and other multiple-purpose improvements. In FY 1989, there were 7 applications on hand at the beginning of the year, no applications were received during the year and no loans were obligated. There are currently 222 borrowers outstanding at a value of $75 million. Over the life of the program, 491 loans have been made at a value of almost $173 million.

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Great Plains Conservation Program

> For necessary expenses to carry into effect a program of conservation in the Great Plains area, pursuant to section 16(b) of the Soil Conservation and Domestic Allotment Act, as added by the Act of August 7, 1956, as amended (16 U.S.C. 590p(b)), [$20,884,000] $24,637,000, to remain available until expended (16 U.S.C. 590p(b)(7)).

Great Plains Conservation Program

Appropriation Act, 1990	$20,884,000
Budget Estimate, 1991	24,637,000
Increase in Appropriation	+$3,753,000

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Great Plains Conservation Program:				
1. Cost-sharing assistance	$12,603,000	-0-	+$2,848,000	$15,451,000
2. Cost-share program and contract administration	2,650,000	+$48,000	+242,000	2,940,000
3. Technical assistance	5,631,000	+102,000	+513,000	6,246,000
TOTAL AVAILABLE	$20,884,000	+$150,000	+$3,603,000	$24,637,000

PROJECT STATEMENT
(On basis of appropriation)

	1989		1990 estimated			1991 estimated	
Project	Amount	Staff Years	Amount	Staff Years	Increase	Amount	Staff Years
Great Plains Conservation Program:							
1. Cost-sharing assistance	$12,229,000	--	$12,603,000	--	+$2,848,000	$15,451,000	--
2. Cost-share program and contract administration	2,638,000	61	2,650,000	60	+290,000	2,940,000	63
3. Technical assistance	5,607,000	127	5,631,000	126	+615,000	6,246,000	133
Total available or est	$20,474,000	188	$20,884,000	186	+$3,753,000	$24,637,000	196

PROJECT STATEMENT
(On basis of available funds)

	1989		1990 estimated			1991 estimated	
Project	Amount	Staff Years	Amount	Staff Years	Increase	Amount	Staff Years
Direct obligations:							
Great Plains Conservation Program:							
1. Cost-sharing assistance	$12,251,587	--	$12,654,443	--	+$2,796,557	$15,451,000	--
2. Cost-share program and contract administration	2,633,033	61	2,650,000	60	+290,000	2,940,000	63
3. Technical assistance	5,595,194	127	5,631,000	126	+615,000	6,246,000	133
Total direct oblig	20,479,814	188	20,935,443	186	+3,701,557	24,637,000	196
Unobligated balance brought forward	(-57,257)	(--)	(-51,443)	(--)	(+51,443)	(--)	(--)
Unobligated balance carried forward	(+51,443)	(--)	(--)	--	(--)	(--)	(--)
Adjusted appropriation	(20,474,000)	(188)	(20,884,000)	(186)	(+3,753,000)	(24,637,000)	(196)
Reimbursable oblig	3,423	--	39,000	--	+1,000	40,000	--
Obligational authority	$20,483,237	188	$20,974,443	186	+$3,702,557	$24,677,000	196

SOURCES OF REIMBURSEMENTS

Project	1989 Actual	1990 estimated	Change	1991 estimated
Federal Sources	$2,273	$20,000	--	$20,000
Other Non-Federal Sources	1,150	19,000	+$1,000	20,000
Total reimbursements	3,423	$39,000	+$1,000	$40,000

OUTLAYS

Project	1989 Actual	1990 estimated	Increase	1991 estimated
Great Plains Conservation Program:				
1. Cost-sharing assistance........	$12,947,242	$12,508,000	+$1,912,000	$14,420,000
2. Cost-share program and contract administration................	2,646,080	2,648,640	+267,360	2,916,000
3. Technical assistance...........	5,622,920	5,628,360	+568,640	6,197,000
Total Outlays.....................	$21,216,242	$20,785,000	+$2,748,000	$23,533,000

EXPLANATION OF PROGRAM

Authorization: The appropriation for "Great Plains Conservation Program" funds Soil Conservation Service activities authorized under Section 16(b) of the Soil Conservation and Domestic Allotment Act (PL 74-46) as amended by PL 84-1021. PL 96-263 amended PL 84-1021 to extend the Great Plains cost-share contracting authority to September 30, 1991.

Authorization limits: Total cumulative appropriations of $600,000,000 are authorized for cost-sharing. Cost-sharing payment in any one fiscal year may not exceed $50,000,000. Through September 30, 1989, $344,763,516 have been paid out in cost-shares.

This program is in addition to other USDA soil and water conservation programs in the counties designated for participation, and is coordinated with programs and objectives of locally managed conservation districts, State agencies, and community groups.

	Acres (in 000's)
Potential Workload:	
Estimated acreage in the 518 designated counties that could come under Great Plains contracts..........................	198,000
Current Activity:	
Land under active contracts as of September 30, 1989........	15,619

The purpose of the program is to assist farmers and ranchers in planning and applying resource management systems on their farms and ranches to prevent or reduce the effects of the climatic hazards of the area. Benefits to be achieved are protection and improvement of soil, water, plant, and wildlife resources through reduction of erosion and sedimentation, and abatement of agriculture-related pollution. A secondary benefit of the program is its impact on stabilizing the local economy. Activities include:

-- Cost-sharing assistance - Payments are made to program participants for a share of the cost of installing eligible conservation practices scheduled in contracts, including, among others, terraces, permanent vegetative cover, re-establishing grasslands and pipelines.

-- Cost-share programming and contract administration - Soil Conservation Service provides assistance in developing contracts, which include schedules of conservation practices to be applied, and administers contracts.

-- Technical assistance - Soil Conservation Service provides assistance to help farmers and ranchers plan, install, and maintain scheduled conservation practices according to standards and specifications.

PROGRAM RESULTS		FY 1989: Actual:	FY 1990: Estimate:	FY 1991 Estimate
Active Contracts - beginning of year.........		5,059:	5,129:	5,429
New Contracts signed.........................	Annual	953:	975:	1,110
	Cumulative	66,279:	67,254:	68,364
Contracts Completed and Terminated...........	Annual	-883:	-675:	-675
	Cumulative	60,996:	61,619:	62,294
Active Contracts - end of year...............		5,129:	5,429:	5,864
Active applications on hand beginning of year		1,589:	1,725:	1,900
Active applications on hand end of year......		1,725:	1,900:	2,000
Number of participants serviced..............	Annual	6,012:	6,104:	6,539
Acres in new contracts (1,000)...............	Annual	2,713:	2,775:	3,159

JUSTIFICATION OF INCREASES AND DECREASES

An increase in appropriation of $3,753,000 for the Great Plains Conservation program (on the basis of available funds there is an increase of $3,701,557) consisting of:

(a) An increase of $3,603,000 to provide additional resources for conservation activities in the ten great plains states.

Need for change. Low moisture conditions due to drought have persisted in the Great Plains states resulting in land damages from wind erosion that reached near record levels during the 1988-1989 season. Current predictions are that these conditions are likely to continue in the foreseeable future and that significant additional damage will occur on unprotected land. Farmers and ranchers will have to plan and apply additional resource management systems to protect these fragile lands.

Nature of change. The additional $3,603,000 will provide for technical assistance, financial assistance, and program and contract administration to install permanent conservation practices on about 384,000 more acres of land than in 1990 for a total annual acreage in new contracts of 3.2 million. About 135 additional contracts will be signed in 1991, for a total of 1,110 contracts or about 14% more than the 1990 level. The primary purposes of these new contracts will be to convert poorly suited land in cultivation back to grassland, reseeding depleted grassland, planting trees for wind protection, and controlling agriculture related pollution.

(b) An increase of $150,000 which represents 50% of the 1991 pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 and Estimated 1990 and 1991
GREAT PLAINS CONSERVATION PROGRAM

	1989		1990		1991	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
COLORADO......	$1,863,888	18	$1,908,606	17	$2,250,256	18
KANSAS........	2,062,546	19	2,037,271	20	2,397,553	21
MONTANA.......	1,727,899	16	1,816,784	15	2,145,683	16
NEBRASKA......	1,883,698	21	1,957,911	20	2,305,084	21
NEW MEXICO....	949,307	9	1,026,953	9	1,209,356	9
NORTH DAKOTA..	1,427,905	16	1,491,793	15	1,754,302	16
OKLAHOMA......	1,634,077	15	1,678,199	14	1,979,676	15
SOUTH DAKOTA..	2,061,904	18	2,020,327	17	2,377,444	18
TEXAS.........	4,993,691	40	5,118,269	40	6,028,378	42
WYOMING.......	1,165,802	10	1,191,088	10	1,399,981	11
FORT WORTH NTC	60,932	0	40,307	0	46,225	0
LINCOLN NTC...	53,697	2	50,384	2	57,781	2
PORTLAND NTC..	25,524	1	95,729	4	109,784	4
NATIONL HDQTRS	568,944	3	501,822	3	575,497	3
TOTAL.........	$20,479,814	188	$20,935,443	186	$24,637,000	196

GREAT PLAINS CONSERVATION PROGRAM

STATUS OF PROGRAM

CURRENT ACTIVITIES: The Great Plains Conservation Program, authorized by Public Law 96-263, provides assistance, under long-term contracts, to land users in 518 designated counties of the 10 Great Plains States. It is designed to provide needed protection and improvement of soil, water, plant, and wildlife resources of the unique Plains area, which is plagued with recurring drought, and severe erosion from wind and water. Selection of suitable land uses and installation of complete conservation treatment and management systems on farms and ranches in the area are made through reduction of wind and water erosion, abatement of agriculture related pollution and water conservation measures.

PROGRAM ASSIGNMENTS

The Soil Conservation Service has responsibility for administration of the Great Plains Conservation Program. State and county program committees participate in program development and coordination of activities. The Agricultural Stabilization and Conservation Service (ASCS) certifies that cost-share payments are not duplicates of payments made under programs administered by ASCS and searches the claim control record to determine whether amounts due to the Federal Government should be setoff against cost-share payments.

PROGRAM, ADMINISTRATIVE, AND TECHNICAL ASSISTANCE

Technical services of soil and range conservationists, engineers, agronomists and other agricultural specialists are provided to help install sound conservation programs adapted to each farm or ranch. These services include:

(a) Cost-share program and contract administration. This includes: overall program direction and administration; technical assistance for processing applications for program participation; development of average costs; determining cost-share obligations; preparing contracts; and contract administration to ensure that contract provisions are met. Contracts are based on conservation plans of operations which outline resource management systems by land use.

(b) Technical assistance to help install planned conservation practices. Farmers and ranchers contract to complete their plan of conservation operations as scheduled. Assistance in practice installation is provided when needed for site selection, topographic surveys, detailed designs, practice layout, and completion. Technical assistance is also furnished to help cooperators perform required noncost-shared management features such as planned grazing systems, irrigation water management, and crop residue management on cultivated land.

SCS installation services are committed for contracted practices during the duration of the contract which runs from 3 to 10 years. Technical assistance is made available to help install practices scheduled for installation by local staffs at each field office. In 1989, 129 staff-years were used for technical services.

COST-SHARING ASSISTANCE

Cost-share payments normally vary from 25 to 80 percent of the costs incurred by program participants for installation of eligible conservation practices. The average federal cost-share is 38 percent. Financial assistance enables cooperators to install conservation practices in the proper sequence as scheduled in long term contracts. Determination of a county's eligibility for participation in the program is based on conservation needs and interests of local people. The physical factors for consideration include susceptibility of the land to serious soil erosion, and the need for changes in land use, cropping systems, and grassland management. The responsibility for determining local interest in the program rests with the State Program Committee. At the end of FY 1989, the following characterizes program participation and shows number and acres of active contracts by State:

State	Designated Counties	Active Contracts 9/30/89 Number	Acres	FY 89 Actual Cost-sharing Payments	Total Direct Obligations	Staff Yrs.
Colorado........	38	464	1,493,286	$1,279,225	$1,863,888	18
Kansas..........	62	783	541,751	1,061,739	2,062,546	19
Montana.........	40	338	2,286,366	1,147,449	1,727,899	16
Nebraska........	61	519	1,241,664	1,270,410	1,883,698	21
New Mexico......	19	172	2,112,931	506,635	949,307	9
North Dakota....	38	508	1,090,412	972,216	1,427,905	16
Oklahoma........	43	417	567,137	1,298,312	1,634,077	15
South Dakota....	51	584	2,101,797	1,496,273	2,061,904	18
Texas...........	147	1,158	2,231,465	3,283,763	4,993,690	42
Wyoming.........	19	186	1,951,896	665,406	1,165,802	10
National Technical Centers... 1/	--	--	--	--	140,153	3
National Hdqtrs.	--	--	--	--	568,944	3
Total GPCP......	518	5,129	15,618,705	12,981,428	20,479,813	190

1/ Includes management, program, and technical guidance provided through National Technical Centers as follows:

Lincoln, Nebraska....	$53,697
Fort Worth, Texas....	60,932
Portland, Oregon.....	25,524

Farms and ranches under contract at the end of FY 1989 average 3,045 acres in size and obligate a total of $41,315,062 in cost-share. A total of 141,463,956 acres have been included in cost-share contracts.

CONSERVATION ACCOMPLISHMENTS

The following information identifies how the 1989 cost share funds were obligated by land use and by problem level within each land use. The land in the severe problem category is expected to be in the moderate or slight problem category at the end of the contract.

LAND USE		SEVERE	MODERATE	SLIGHT	TOTAL
Rangeland........	Acres	590,669	1,064,975	393,760	2,049,404
	Obligations	$2,664,633	$3,393,124	$600,863	$6,658,620
Non-irrigated Pastureland....	Acres	12,745	37,693	24,726	75,164
	Obligations	$551,751	$414,053	$38,337	$1,004,141
Irrigated Cropland & Pastureland....	Acres	16,924	61,719	12,904	91,547
	Obligations	$407,456	$547,257	$128,874	$1,083,587
Non-irrigated Cropland........	Acres	61,322	78,511	48,292	188,125
	Obligations	$1,029,269	$625,872	$64,598	$1,719,739
Convert cropland to grassland....	Acres	23,495	10,816	3,370	37,681
	Obligations	$517,966	$312,044	$25,699	$855,709
Other............	Acres	9,846	16,793	25,272	51,911
	Obligations	$93,350	$79,592	$57,935	$230,877
TOTAL............	Acres	715,001	1,270,507	508,324	2,493,832
	Obligations	$5,264,425	$5,371,942	$916,306	$11,552,673

Problem categories are defined as follows:

Slight Problem - The land unit has very few or minor conservation treatment needs and can be adequately protected from resource degradation by appropriate management measures and techniques.

Moderate Problem - The land unit has fragile features and is susceptible to degradation from climatic and other hazards. It is in need of conservation treatment. Productive use of the unit can be accomplished and maintained through a combination of management and enduring (usually cost-shared) treatment measures.

Severe Problem - The land unit has high susceptibility to degradation and deterioration and has high need for conservation treatment. Although productive use of the resource may or may not be advisable, it can be adequately protected through extensive management of the fragile resource combined with enduring conservation treatment measures.

WIND EROSION CONDITIONS IN THE GREAT PLAINS
For the 1988-1989 Wind Erosion Season

Wind erosion reports submitted from 541 counties (including the 518 GP counties) in which wind erosion was prevalent during the 1988-1989 season, showed that total land damage this year approaches the record high acres in 1954-1955 and is over three times the 1970-1984 average.

The major factor contributing to wind erosion this season was inadequate residue production due to low moisture conditions caused by drought. Other factors including poor residue management practices and clean tilling prior to planting also contribute to wind erosion problems.

The 541 counties reported 14,291,952 acres damaged through the end of May. Of the total land reported damaged 93.2 percent (13,315,031 acres) was cropland, 5.8 percent (827,611 acres) rangeland, and 1.0 percent (149,310 acres) other land.

Crops or cover were destroyed on 1,627,055 acres of land not damaged.

Emergency tillage to prevent land damage was reported in every state. A total of 3,024,617 acres was so treated. Texas reported 47.2 percent (1,428,850 acres) of the total emergency tillage.

Land reported in condition to blow was 23,272,292 acres. Of all land reported in condition to blow, 52.8 percent was in the Northern Great Plains States and 47.2 percent was in the Southern Great Plains States.

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Resource Conservation and Development

For necessary expenses in planning and carrying out projects for resource
conservation and development and for sound land use pursuant to the
provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant
Act, as amended (7 U.S.C. 1010-1011; 76 Stat. 607), and the provisions of
the Act of April 27, 1935 (16 U.S.C. 590a-f), and the provisions of the
Agriculture and Food Act of 1981 (16 U.S.C. 3451-3461), [$27,620,000]
1 $24,862,000: Provided, [That $600,000 in loans may be insured, or made to
be sold and insured, under the Agricultural Credit Insurance Fund of the
Farmers Home Administration (7 U.S.C. 1931): Provided further,] That this
appropriation shall be available for employment pursuant to the second
sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C 2225), and
not to exceed $50,000 shall be available for employment under 5 U.S.C.
3109.

This change deletes language authorizing the Farmers Home Administration to provide resource conservation and development loans from the Agricultural Credit Insurance Fund in FY 1991 since no funds are requested for this purpose in the FY 1991 budget.

Resource Conservation and Development

Appropriation Act, 1990	$27,620,000
Budget Estimate, 1991	24,862,000
Decrease in Appropriation	-$2,758,000

Adjustments in 1990		
Appropriation Act, 1990	$27,620,000	
Gramm-Rudman-Hollings Reduction (P.L.99-177)	-365,000	
Adjusted base for 1990		27,255,000
Budget estimate, 1991		24,862,000
Decrease from adjusted 1990		-2,393,000

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Resource Conservation and Development:				
1. Technical assistance	$20,235,000	+$375,000	+$1,905,000	$22,515,000
2. Financial assistance	6,961,000	--	-4,673,000	2,288,000
Loan services	59,000	--	--	59,000
TOTAL AVAILABLE	$27,255,000	+$375,000	-$2,768,000	$24,862,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989		1990 estimated		Increase or Decrease	1991 estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Resource Conservation and Development:							
1. Technical assistance	$18,330,000	431	$20,235,000	439	+$2,280,000	$22,515,000	443
2. Financial assistance	6,730,000	--	6,961,000	--	-4,673,000	2,288,000	--
3. Loan services	60,000	2	59,000	2	-	59,000	2
Subtotal	$25,120,000	433	$27,255,000	441	-$2,393,000	$24,862,000	445
G-R-H Red(P.L.99-177).	--	--	+365,000	-			
Total available	$25,120,000	433	$27,620,000	441			

PROJECT STATEMENT
(On basis of available funds)

Project	1989		1990 estimated		Increase or Decrease	1991 estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Resource Conservation and Development:							
1. Technical assistance	$20,499,545	431	$21,691,160	439	+$ 823,840	$22,515,000	443
2. Financial assistance	4,620,811	--	7,710,040	--	-5,422,040	2,288,000	--
3. Loan services	60,000	2	59,000	2	-	59,000	2
Total direct oblig.	25,180,356	433	29,460,200	441	-4,598,200	24,862,000	445
Unobligated balance brought forward	(-2,265,556)	(--)	(-2,205,200)	(--)	(+2,205,200)	(--)	(--)
Unobligated balance carried forward	(+2,205,200)	(--)	(--)	(--)	(--)	(--)	(--)
Appropriation total	(25,120,000)	(433)	(27,255,000)	(441)	(-2,393,000)	(24,862,000)	(445)
Reimbursable obligations:							
Resource Conservation and Development:							
(a) Technical assistance	66,868	--	95,000	--	--	102,000	--
(b) Financial assistance	451,347	--	841,000	--	--	898,000	--
Total reimbursable obligations	518,215	--	936,000	--	+64,000	1,000,000	--
Obligational authority	$25,698,571	433	$30,396,200	441	-$4,534,200	$25,862,000	445

SOURCES OF REIMBURSEMENTS

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Federal Sources........	--	--	--	--
Non-Federal Sources....	$518,215	$936,000	+$64,000	$1,000,000
Total Reimbursements...	$518,215	$936,000	+$64,000	$1,000,000

OUTLAYS

Resource Conservation and Development:				
(a) Technical assistance.......	$16,767,551	$20,750,000	+$1,694,000	$22,444,000
(b) Financial assistance.......	8,989,462	6,200,000	-1,275,000	4,925,000
(c) Loan services.....	60,000	59,000	-	59,000
Total Outlays..........	$25,817,013	$27,009,000	+$419,000	$27,428,000

EXPLANATION OF PROGRAM

The appropriation "Resource Conservation and Development" funds the activities authorized under Section 32(e) of Title III of the Bankhead-Jones Farm Tenant Act (Public Law 75-210), as amended and the Soil Conservation and Domestic Allotment Act of April 27, 1935, (Public Law 74-46), as amended and the provisions of the Agriculture and Food Act of 1981 (16 U.S.C. 3451-3461). Program assistance provided in authorized RC&D areas includes technical assistance for planning and implementation, financial assistance, and loan services.

Technical Assistance: Staff assistance is provided to local sponsors in the preparation of RC&D area plans for the conservation, development, and utilization of the natural resources in the RC&D area. Staff assistance is also provided to local sponsors in the implementation of their RC&D plans. This includes:

a. Assistance with inventories and studies of measures of areawide scale that directly aid sponsors in achieving their RC&D objectives.

b. Assistance in developing plans, designs, layout, and installation of measures eligible for RC&D financial assistance.

c. Assistance to sponsors to achieve activities and measures contained in the RC&D plans which are ineligible for RC&D financial assistance.

Financial Assistance: Financial assistance is provided to eligible sponsors to install approved measures. Priority is given to measures related to erosion and sediment control (critical area treatment), flood prevention and farm irrigation, and efficiency in water short areas. Other purposes include soil and water management for control of agriculture-related pollutant[illegible] public water-based recreation developments, and public water-based fish [illegible] wildlife developments.

MAIN WORKLOAD FACTORS

	1989 Actual	1990 Estimate	1991 Estimate
Status of Authorized RC&D Areas:			
RC&D areas authorized at beginning of year..........................	190	190	194
New RC&D areas deauthorized during year..........................	0	1	0
New RC&D areas authorized during year..........................	0	5	2
RC&D areas authorized at end of year..........................	190	194	196
Unserviced applications on hand...	46	41	45
RC&D Measures:			
Financially assisted:			
In Planning (BOY)................	480	461	440
New Plans in Year................	21	32	40
New Plans Cumulative............	3,629	3,661	3,701
Plans Completed in Year..........	40	52	46
Plans Completed Cumulative.......	3,146	3,198	3,244
Plans Cancelled in Year..........	0	1	0
Plans Cancelled Cumulative.......	22	23	23
Plans terminated................	--	--	--
In Planning (EOY)..............	461	440	434
Installation Underway (BOY)......	319	299	282
Installation Started in Year.....	40	52	46
Installation Started Cumulative..	3,146	3,198	3,244
Installation Completed in Year...	52	63	59
Installation Completed Cumulative	2,792	2,855	2,914
Projects cancelled in year.......	8	6	5
Projects cancelled cumulative....	55	61	66
Projects terminated..............	--	--	--
Installation Underway (EOY).....	299	282	264
Plans Completed, Installation Not Yet Underway:			
Number..........................	168	218	265
Cost ($ in 000's)..............	$ 37,800	$ 49,050	$59,625
Measures Completed with Other than RC&D Financial Assistance:			
During Year......................	346	375	410
Cumulative.......................	16,743	17,118	17,528

Loan Services Assistance: Funds are provided to the Farmers Home Administration (FmHA) to service loans made to sponsors from the Agricultural Credit Insurance Fund. Loan services must be provided from Resource Conservation and Development funds because the Agricultural Credit Insurance Fund of the FmHA is not available for such expenses. The workload in FY 1989 consisted of servicing 123 outstanding loans and loan counseling to help local sponsors arrange funding necessary to implement planned financial assistance measures.

	1989		1990		1991	
Item	No.	Actual Amount	No.	Estimated Amount	No.	Estimated Amount
1. Loans obligated during year..........	0	0	0	0	0	0
2. Borrowers outstanding	123	$11,183,000	123	$11,183,000	123	$11,183,000
3. Loans cumulative.....	292	$29,171,401	292	$29,171,401	292	$29,171,401

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease in appropriation of $2,393,000 for the Resource Conservation and Development program (on the basis of available funds there is a decrease of $4,598,200) consisting of:

(a) A program decrease of $2,768,000 for the Resource Conservation and Development program (on the basis of available funds there is a decrease of $4,973,200).

Need for Change. The proposed budget reduction reflects the need to emphasize Federal technical assistance in supporting local rural development activities. The $24,862,000 proposed funding level in the budget would be sufficient to continue ongoing program activities in fiscal year 1991.

Nature of Change. The Resource Conservation and Development program is a major component of the Department's Rural Development Initiative that was announced in 1987. The Initiative includes refocusing community loan, grant and technical assistance programs to help rural communities improve basic elements, such as water systems and public facilities, that enhance the social, economic and environmental conditions of their rural areas. The Resource Conservation and Development program would provide technical assistance needed to improve the management and conservation of land and water community resources. In fiscal year 1991, staffing for resource conservation and development coordinators would be increased by decreasing funding for resource conservation and development financial assistance as local sponsors assume greater responsibility for securing other than RC&D funding for project measures. Limited financial assistance for RC&D cost-shared measures will be directed primarily to RC&D measures that improve the natural resources, recreation and tourism, water and water quality, and fish and wildlife habitat. Additionally, loans would no longer be made under the Farmers' Home Administration Agricultural Credit Insurance Fund account.

(b) An increase of $375,000 which represents 50% of the pay raise. The remaining 50% of the 1991 pay raise and the total 1990 pay raise are being absorbed.

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 and Estimated 1990 and 1991
RESOURCE CONSERVATION AND DEVELOPMENT

	1989		1990		1991	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA........	$573,522	10	$834,745	11	$625,128	11
ALASKA.........	0	0	0	0	0	0
ARIZONA........	474,676	10	663,328	10	538,391	10
ARKANSAS.......	1,524,027	15	758,488	12	686,455	13
CALIFORNIA.....	321,612	7	414,266	8	390,747	8
COLORADO.......	478,611	10	551,531	11	560,701	11
CONNECTICUT....	270,697	7	267,501	6	286,101	6
DELAWARE.......	117,310	2	141,698	2	121,363	2
FLORIDA........	267,532	5	404,010	6	311,353	6
GEORGIA........	712,370	10	969,984	9	604,747	9
HAWAII.........	148,532	2	238,470	5	255,051	5
IDAHO..........	520,028	9	600,315	10	515,271	10
ILLINOIS.......	603,083	11	547,669	10	503,239	10
INDIANA........	601,768	13	696,281	13	674,260	13
IOWA...........	678,805	14	736,145	15	787,333	15
KANSAS.........	550,608	10	443,761	10	474,618	10
KENTUCKY.......	522,702	12	560,678	9	515,431	9
LOUISIANA......	280,859	7	446,517	5	302,479	5
MAINE..........	434,335	10	492,604	9	476,545	9
MARYLAND.......	366,200	6	409,653	5	297,264	5
MASSACHUSETTS..	239,204	7	235,359	5	251,725	5
MICHIGAN.......	590,521	9	696,619	9	523,685	9
MINNESOTA......	399,930	9	542,601	10	501,843	10
MISSISSIPPI....	930,623	10	666,092	9	511,159	9
MISSOURI.......	505,912	10	661,832	10	556,915	10
MONTANA........	447,546	9	461,612	7	393,086	7
NEBRASKA.......	303,317	5	333,623	5	276,322	5
NEVADA.........	151,764	1	117,161	3	125,308	3
NEW HAMPSHIRE..	151,373	3	134,787	3	144,160	3
NEW JERSEY.....	400,840	6	268,537	6	287,210	6
NEW MEXICO.....	417,153	10	672,312	9	517,813	9
NEW YORK.......	626,201	14	706,415	11	604,599	11
NORTH CAROLINA.	481,769	8	617,253	11	599,799	12
NORTH DAKOTA...	418,335	6	631,413	7	421,744	7
OHIO...........	699,154	14	702,040	11	646,207	12
OKLAHOMA.......	1,023,500	12	1,748,613	11	930,371	12
OREGON.........	305,252	6	367,838	6	312,916	6
PENNSYLVANIA...	441,360	7	721,503	10	550,299	10
PUERTO RICO....	158,138	3	198,033	4	211,804	4
RHODE ISLAND...	125,533	2	126,031	2	118,695	2
SOUTH CAROLINA.	418,252	8	520,711	9	456,294	9
SOUTH DAKOTA...	536,278	10	579,350	10	539,136	10
TENNESSEE......	576,912	9	663,557	9	510,461	9
TEXAS..........	1,049,685	13	1,626,045	12	954,242	12
UTAH...........	372,459	5	486,261	6	338,949	6
VERMONT........	217,769	6	216,696	5	231,764	5
VIRGINIA.......	228,943	5	218,770	5	233,982	5
WASHINGTON.....	202,562	4	221,880	5	237,309	5
WEST VIRGINIA..	474,999	11	669,437	11	595,236	10
WISCONSIN......	318,900	5	501,471	8	415,591	8
WYOMING........	290,727	6	405,164	7	352,837	7
CHESTER NTC....	50,199	1	77,762	2	83,169	2
FORT WORTH NTC.	116,409	3	145,155	3	155,249	3
LINCOLN NTC....	114,176	3	103,682	2	110,892	2
PORTLAND NTC...	67,071	1	51,841	1	55,446	1
NATIONL HDQTRS.	1,095,762	18	1,326,100	27	1,418,306	28
FMHA ALLOCATN..	60,000	2	60,000	2	59,000	2
FS ALLOCATION..	724,551	2	699,000	2	702,000	2
TOTAL Available or Estimate	$25,180,356	433	$29,460,200	441	$24,862,000	445

* Estimated allocations to the SCS National Headquarters for Fiscal Year 1990 contains $600,000 to be allocated to new RC&D areas as they are authorized by the Secretary of Agriculture

RESOURCE CONSERVATION AND DEVELOPMENT

STATUS OF PROGRAM

General

The Resource Conservation and Development (RC&D) Program began in February 1964 under authority of Section 102 of the Food and Agriculture Act of 1962 (Public Law 87-703) and other Departmental authorities. These authorities have been replaced by Sections 1528-1538 of the Agriculture and Food Act of 1981 which authorized a program to assist local and State efforts in resource conservation and development.

An RC&D Policy Board was established in April 1984 under Subtitle H of the Agriculture and Food Act of 1981 (P.L. 97-98). The Board provides advice and recommends policy on program administration to the Secretary of Agriculture. This interagency board has members from SCS, FS, FmHA, ES, ASCS and the Office of the Secretary.

Program administration is provided by the Soil Conservation Service (SCS). Assistance is provided to RC&D sponsors as authorized by the Secretary of Agriculture. RC&D sponsors, State and local units of government, and nonprofit organizations initiate and direct the planning process, develop and maintain an RC&D area plan, and carry out activities to implement their area plan.

Department of Agriculture agencies provide technical, financial, and loan assistance to local sponsors. Sponsors also seek the help of local, State, and other Federal agencies that can assist them in areawide planning and in carrying out activities to implement plans.

Program Objectives: As stated in the Agriculture and Food Act of 1981, The RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. The program also establishes or improves the coordination systems used in rural communities to effectively utilize available Federal, State, and local programs. Each RC&D area has a council made up of local sponsors to develop and implement the priorities needed to conserve and improve the use of land, develop natural resources, and enhance the social, economic, and environmental conditions in their rural area.

Program Operations: The Act limits assistance to not more than 225 active designated areas. At the present time there are 190 authorized areas, 189 active areas and 46 applications on file for new areas which desire to become involved in the program.

Status of Resource Conservation and Development Program
as of September 30, 1989

	Area Applications on Hand			Areas Authorized for Assistance		
State	No.	Acres	Counties Involved	No.	Acres	Counties Involved
Alabama	2	5,552,640	13	6	24,[illegible]39,191	51
Alaska	1	14,700,000	1	-	--	-
Arizona	--	--	--	5	6,986,270	13
Arkansas	3	9,222,600	20	5	[illegible]359,221	54
California	2	21,317,618	5	3	[illegible],765,638	14
Caribbean Area	--	--	--	2	874,737	8
Colorado	--	--	--	5	[illegible],473,846	36
Connecticut	--	--	--	2	3,127,056	8
Delaware	--	--	--	1	1,265,920	3
Florida	--	--	--	3	9,984,630	22
Georgia	2	1,253,332	6	6	8,398,088	39
Hawaii	1	401,705	1	2	3,297,980	2
Idaho	--	--	--	4	35,928,567	27

Status of Resource Conservation and Development Program
as of September 30, 1988

State	Area Applications on Hand			Areas Authorized for Assistance		
	No.	Acres	Counties Involved	No.	Acres	Counties Involved
Illinois	--	--	--	4	11,363,534	36
Indiana	--	--	--	6	11,135,160	45
Iowa	--	--	--	6	11,637,631	34
Kansas	--	--	--	5	15,672,566	34
Kentucky	1	2,533,120	10	5	10,216,870	41
Louisiana	1	3,377,733	9	3	13,203,753	29
Maine	--	--	--	4	11,462,793	14
Maryland	--	--	--	2	2,833,579	12
Massachusetts	1	1,142,600	3	2	3,988,405	10
Michigan	1	1,852,835	5	4	20,446,980	42
Minnesota	2	16,123,616	12	4	25,739,874	43
Mississippi	1	2,710,140	6	4	27,467,336	76
Missouri	1	2,766,080	9	5	17,653,007	43
Montana	--	--	--	3	16,856,750	12
Nebraska	1	614,592	3	2	16,663,700	17
Nevada	--			1	5,207,040	9
New Hampshire	--	--	--	1	3,161,374	6
New Jersey	--	--	--	2	4,416,936	17
New Mexico	--	--	--	5	71,236,354	31
New York	2	2,993,920	8	5	21,037,624	32
North Carolina	3	5,006,980	16	6	12,771,096	40
North Dakota	2	10,571,760	10	6	33,833,497	43
Ohio	--	--	--	5	13,222,041	43
Oklahoma	4	10,775,082	20	5	23,183,239	43
Oregon	--	--	--	3	17,469,962	17
Pacific Basin	1	135,680	1		--	-
Pennsylvania	1	2,977,920	6	5	17,809,515	37
Rhode Island	--	--	--	1	677,120	5
South Carolina				4	13,501,180	31
South Dakota	4	27,506,490	33	4	21,789,541	26
Tennessee	1	1,078,434	5	4	9,820,924	38
Texas	3	14,540,840	25	9	40,048,729	69
Utah	3	20,127,103	12	3	25,158,754	11
Vermont	--	--	--	2	6,107,690	14
Virginia	--	--	--	2	3,974,140	13
Washington	1	6,408,320	3	2	6,184,770	10
West Virginia	1	387,398	4	5	15,090,131	51
Wisconsin	--	--	--	4	22,580,558	39
Wyoming	--	--	--	3	41,989,253	19
TOTALS	46	186,078,528	246	190	887,716,770	1,407

For multistate applications and areas in the above table the number is tabulated for the states having leadership. The acreage column reflects actual acreage in each state covered by the applications or areas. The counties involved column reflects whole and parts of counties in the state in which they are located and not in the state that has leadership. For example, in Nevada there is no application but three of its counties are in an application for which another state has the leadership.

For states having portions of counties in more than one RC&D area, the counties involved column does not have any duplication. A county is counted only once. The typical RC&D area has 17 sponsors including six county governments, seven soil and water conservation districts, two cities, a substate district and one other organization. This group of sponsors operates by having each sponsor designate a representative to serve on the RC&D council. The council, with assistance from the RC&D Coordinator and other agency representatives, carries out the coordinating function to make effective use of all financial and technical resources available in the area.

RC&D area planning focuses on conserving and developing natural resources through local citizen leadership and participation. The process is concerned with rural development; enhancement of the environment; an orderly approach to land use change; reduction of flooding and drainage problems; development of recreation facilities; protection of scenic and historic attractions; development of local industry; improvement and development of community facilities and services and improvement of the economy and quality of life in rural areas.

The planning process results in the development of an "Area Plan" which contains the objectives and goals established by the council and is used to guide a council's efforts in the future. An annual plan of work also is prepared. Each year, each RC&D council goes through a process of evaluation and redefinition of goals to update their plan of action.

Once the area plan is prepared, councils work on implementing their objectives and goals. Measures (or projects) are developed for the strategies needed to reach goals. Measures are made up of a variety of activities carried out under the leadership of the RC&D council with assistance from Federal, State, and local cooperating agencies. Measures are major undertakings, requiring extensive effort on the part of the council to complete. By completing a number of related measures a council's goal will be met.

Loans Available: Under the Bankhead-Jones Farm Tenant Act, Public Law 75-210, as amended, loans are made to local organizations for financing the local share of the cost of installing approved RC&D measures in authorized RC&D areas. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of SCS approved projects. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

These loans may not exceed $500,000 and are repayable in not more than 30 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for 1990 was 10.075 percent. However, the rate for FY 1991 is expected to change. The workload in FY 1989 consisted of assisting 125 borrowers and providing loan counseling to help local sponsors arrange funding necessary to implement planned financial assistance measures. There was one application on hand at the beginning of the year, no applications for new loans were received during 1989 and no new loans were made.

Program Assignments: Administrative leadership for this Program is assigned to the Soil Conservation Service. USDA area planning assistance as well as technical assistance for implementing the plan is provided by the Soil Conservation Service and Forest Service. The Forest Service provides assistance to councils and their resource committees as requested by individual councils. This is accomplished through state forestry agencies. In FY 1989 the Forest Service obligated $724,551 in carrying out measures in 57 RC&D areas. The Extension Service provides arrangements for the State Cooperative Extension Service in selected RC&D areas to provide educational assistance to meet sponsors' special needs. The Farmers Home Administration is responsible for the loan provisions of the Program.

In addition, other USDA agencies and agencies from other departments provide assistance to RC&D sponsors within their existing authorities and programs on an "as needed" basis. State and local units of government and their agencies also participate. Thus, RC&D activities are broader than those created by assistance from this Department alone. An indication of the level of participation by USDA agencies in 1989 is as follows:

	Technical Assistance		Financial	
	Net Obligations	Staff-Years	Assistance Obligations	Total Net Obligations
1989 Actual:				
SCS....................	$19,774,995	432	$4,6[illegible]0,811	$24,395,806
FmHA (Loan Ser.).......	60,000	2	--	60,000
FS.....................	724,551	2	--	724,551
Total..................	$20,559,546	436	$4,[illegible]20,811	$25,180,357

TYPES OF ASSISTANCE FURNISHED BY THE DEPARTMENT TO RC&D AREAS

Technical Assistance: Technical assistance was being provided to 189 active authorized RC&D areas as of September 30, 1989. This assistance is in the form of staff days from USDA agencies, or is donated or purchased from other sources, to carry out the objectives and goals of a council. This includes help in carrying out studies to identify problems, needs, and the importance and availability of natural resources in the area. The SCS and other cooperating USDA agencies provide technical assistance which includes providing soils information, farm market analyses, wood utilization studies, and assistance needed by the sponsors to plan, layout and supervise installation of works of improvement described below in "Financial Assistance." Technical assistance provides for identifying other sources of assistance, determining probable impacts, and advising RC&D sponsors on actions to be taken.

Coordination and cooperation are essential in the planning process. The main form of technical assistance provided by USDA, through the SCS, is an RC&D Coordinator to assist sponsors in coordinating activities in the RC&D area plan.

Financial Assistance: Financial assistance is funding provided to sponsors to install certain measures. Measure sponsors must provide cost share matching funds. This assistance is administered by the SCS and may be used for critical area treatment, flood prevention, farm irrigation, land drainage, agriculture related pollutant control, public water-based recreation, fish and wildlife developments, and water quality management measures. The total technical and financial assistance funds for the Resource Conservation and Development program obligated and equivalent staff-years used in 1989 by State were:

1989 RC&D OBLIGATIONS BY STATE

State	Obligations	Staff Years
Alabama	$573,522	10
Alaska	0	0
Arizona	474,676	10
Arkansas	1,524,027	16
California	321,612	7
Caribbean Area	0	0
Colorado	478,611	10
Connecticut	270,697	7
Delaware	117,310	2
Florida	267,532	5
Georgia	712,370	10
Hawaii	148,532	2
Idaho	520,028	9
Illinois	603	11
Indiana	601,768	14
Iowa	678,805	14
Kansas	550,608	12
Kentucky	522,702	12
Louisiana	280,859	7
Maine	434,335	10
Maryland	366,200	6
Massachusetts	239,204	7
Michigan	590,521	9
Minnesota	399,930	9
Mississippi	930,623	8
Missouri	505,912	10
Montana	447,546	9
Nebraska	303,317	6
Nevada	151,764	1
New Hampshire	151,373	2
New Jersey	400,840	4
New Mexico	$417,153	10
New York	626,201	14
North Carolina	481,769	8
North Dakota	418,335	6
Ohio	699,154	15
Oklahoma	1,023,500	13
Oregon	305,252	6
Pennsylvania	441,360	7
Puerto Rico	158,138	3
Rhode Island	125,533	2
South Carolina	418,252	8
South Dakota	536,278	10
Tennessee	576,912	9
Texas	1,049,685	13
Utah	372,459	5
Vermont	217,769	6
Virginia	228,943	5
Washington	202,562	4
West Virginia	474,999	11
Wisconsin	318,900	5
Wyoming	290,727	6
National Technical Centers	347,856	8
National Headquarters	1,095,763	18
Total, Resource Conservation & Development, SCS...........	24,395,806	432
Allocation accounts	784,551	4
Total, Resource Conservation & Development...	$25,180,357	436

Loan Services Assistance: Funds are provided to the Farmers Home Administration (FmHA) to service loans made to sponsors from the Agricultural Credit Insurance Fund. Loan services must be provided from Resource Conservation and Development funds because the Agricultural Credit Insurance Fund of the FmHA is not available for such expenses.

CURRENT PROGRAM STATUS

The RC&D program is responding to management recommendations identified in the program evaluation and is placing its emphasis on USDA's rural development initiative. Councils are placing high priority on the more diversified activities in the area of rural development. It is expected that this emphasis will continue over the next several years.

Response to Administration and Departmental Initiatives: The Department sponsored Rural Enterprise Teams (RET's) have been organized under the leadership of the Chairman of the Food and Agricultural Council (FAC). The concept of RET's is based on the successful organization of the RC&D program. In each of the RC&D areas, the area council has the ability to seek out the assistance of rural development specialists and programs authorized from many sources for the development and implementation of their plans. The RET's are an expanded version of that organization. To date 72 RC&D Coordinators are members of these teams. Their abilities of motivating individuals and groups, establishing a broad range of contacts, and their knowledge and skills in a wide array of disciplines are invaluable to the success of the many and varied activities in which RET's are involved. RC&D council members also participate and help plan and publicize the assistance that RET's make available.

RC&D councils have examined measures they have adopted to determine those which might make use of FmHA's Business and Industry (B&I) Guaranteed Loan Program which is targeted to family size enterprises in order to boost non-farm income in rural areas. The councils identified 566 measures as possible candidates for B&I loan guarantees, 860 contacts were made to determine interest, and 37 applications have been made for B&I loans.

Program Accomplishments: In FY 1989, 661 RC&D measures using RC&D technical assistance were completed. Of the measures installed with RC&D technical assistance noted above, 52 were installed with financial assistance provided through the RC&D program in FY 1989. The following is an estimated national summary of those measures as of September 30, 1989.

NATIONAL SUMMARY OF RC&D MEASURES
AS OF SEPTEMBER 30, 1989

	ADOPTED		CANCELED NO PLAN		PLANNED		CANCELED WITH PLAN		COMPLETED	
	FY89	TO DATE	FY89	TO DATE	FY89	TO DATE	FY89	TO DATE	FY89	TO DATE
Financially Assisted:										
Natural Resource Improvement	3	2,489	-	9	16	223	6	39	28	1,866
Recreation-Tourism	-	235	-	1	1	15	-	5	5	178
Water and Water Quality	1	663	-	10	2	34	2	11	4	558
Fish and Wildlife	-	51	-	-	-	4	-	-	-	41
Other	17	191	-	2	12	7	-	-	15	149
SUBTOTAL	21	3,629	-	22	31	283	8	55	52	2,792
With Other Than RC&D Financial Assistance:										
Natural Resource Improvement	66	3,526	1	11	49	89	1	2	62	3,326
Community Improvement	64	5,113	1	10	35	108	1	2	52	4,902
Recreation-Tourism	40	2,674	-	10	23	63	-	3	35	2,529
Information-Education	58	1,555	-	4	18	22	4	4	70	1,500
Forestry	37	885	-	5	12	14	2	2	39	837
Water and Water Quality	32	570	1	15	23	40	1	5	35	451
Economic Development	43	596	-	-	18	19	1	1	30	547
Fish and Wildlife	10	67	-	-	1	2	1	1	8	56
Marketing & Merchandizing	3	26	-	-	1	4	-	-	4	20
Waste & Waste Utilization	1	40	-	-	-	-	-	-	3	39
Other	2	2,544	-	2	1	-	-	-	8	2,536
Subtotal	356	17,596	3	57	181	361	11	20	346	16,743
With No Finanical Assistance:	801	18,576	177	4,643	135	217	19	79	263	6,431
TOTAL	1,178	39,801	180	4,722	347	861	38	154	661	25,966

Selected Examples of Progress:

The RC&D Program has implemented many successful measures throughout the program. Some specific examples are discussed below:

- In 1634 the fourth permanent English settlement in America was founded on the shores of St. Mary's City, Maryland. Back then this bustling port for exporting tobacco served as Maryland's first capital. To preserve this historic landmark, the state of Maryland purchased the site and made it an outdoor museum of history.

  With technical and financial assistance provided through the Southern Maryland RC&D Council, a 5-mile trail was conducted to carry foot traffic from the visitor center to the reconstructed 1676 State House, tobacco plantation, exhibits, and numerous archaeological sites. The trail, now a major attraction of the museum, has joined together the original settlement which was spread out along the shoreline. Conservation measures being used to stabilize the shoreline are also installed along the trail. The trail has helped to develop tourism and other aspects of the local economy and at the same time teaches conservation techniques.

- The production of a 25-minute video called "The Olympic Forest", shows the history of logging and interviews with forestry and logging leaders on how the forest enhances the Adirondack and the New York region's economy. The Greater Adirondack RC&D Council took the film and a forest products display to an international fair for woodworking machinery and furniture supply. The exhibit drew over 200 sales leads from 32 states and 13 foreign countries. As a result of providing copies of the video to industry leaders in other states and countries, representatives from Canada and Japan have visited the area to consider potential building sites for a wood manufacturing facility. This and several other forestry projects have helped the region's economy by retaining 78 jobs and creating 20 new ones.

- As a way of enhancing agricultural development of northern Utah, the Bear River RC&D Council began exploring alternatives to their hay, grain, and corn crops. It was decided to promote Utah beef for export to Japan as well as for domestic use. A brochure entitled "A Totally Integrated Beef Production--Utah of Course" was developed by the Bear River RC&D team, Utah Department of Agriculture, and other businesses in the State to promote Utah as the best site for producing beef. It was printed in both English and Japanese. The Governor distributed the brochures in Japan and then contacts were made with a Japanese trading firm for them to come to Utah to look over the proposal.

  The Japanese firm agreed to finance the cattle and feed costs of the Utah beef. The beef will be sold on the open market here as well as in Japan. When the venture proves successful, it will be expanding resulting in a better economy for the area.

- The San Juan RC&D Council helped create and develop a project to make a beautiful mountainous area, the Animas Overlook, more accessible and useful. More than 4,000 hours of labor was devoted to the project which is located in the Southwestern corner of Colorado. As a result of their special expertise, adjustments were made to the overlook so that handicapped visitors can easily use the rest rooms, picnic tables and grills. A paved trail was widened and lined with rocks to prevent wheelchairs from accidentally going over the edge. With these improvements the Animas Overlook Interpretive Tail is now of the first in the State to be adjusted for use by the handicapped.

- Three Missouri RC&D Councils (Top of Ozarks, Southwest Missouri, and Big Springs) were instrumental in obtaining an energy demonstration grant for utilizing wood waste as a alternative to fossil fuels. These wood wastes are created during processing of raw forest products and are processed into fuel pellets and burned in special, heat efficient stoves that produce minimal emissions. These pellets are being utilized in area schools as a replacement for regular fuels to reduce energy costs.

Passenger Motor Vehicles

Passenger motor vehicles of the Soil Conservation Service are distributed among 50 State Offices and Puerto Rico, 230 area offices, and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D.C. Vehicles are used in rural and other areas where common carrier facilities are either non-existent, uneconomical, or inadequate. The nature of the travel requires a high degree of mobility with frequent stops at field offices, job sites, and other places not serviced by common carrier. Resident technicians servicing farmers and ranchers in conservation districts use pickup trucks rather than passenger vehicles.

Passenger motor vehicles are generally assigned to an office location and not exclusively to one individual. This allows several employees to rely on the use of a single vehicle, thus maximizing utilization, and minimizing the number of vehicles needed.

On September 30, 1989, the Soil Conservation Service had 2,279 passenger vehicles in a total fleet of 11,105 vehicles. The fleet includes pickup trucks, sedan deliveries (light trucks), jeeps, and heavy trucks.

Replacement of Passenger Motor Vehicles. The fiscal year 1991 estimates provide for the replacement of 400 passenger motor vehicles during the fiscal year. The vehicles proposed for replacement are driven more than 60,000 miles or are more than 6 years of age or would be beyond economic repair due to accident or other causes.

SCS is continuing a sound and effective replacement program. During fiscal year 1989, 108 replacements were purchased. Economy of operation and expected use factors are taken into consideration as well as prescribed age and mileage standards in planning replacements.

Age and mileage data for Soil Conservation Service passenger motor vehicles on hand September 30, 1989, are as follows:

AGE DATA

Model	Number of Vehicles	Percent of Total
1984 and older	1,257	55.2
1985	183	8.0
1986	153	6.7
1987	187	8.2
1988	258	11.3
1989	241	10.6
TOTAL	2,279	100.0

MILEAGE DATA

Lifetime Mileage (Thousands)	Number of Vehicles	Percent of Total
80 to over 100	207	9.1
60–80	526	23.1
40–60	620	27.2
20–40	487	21.4
Under 20	439	19.2
	2,279	100.0

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